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THE REMOULding OF CHINESE BOURGEOISIE

A year or two ago Peking permitted publication of an arresting description of the Very Old Boys of the P.P.C.C. Brigade sitting at their forms in an indoctrination Institute and learning all about Marx and Lenin and even a little about Stalin. It was almost like a picture of the disciples sitting at the feet of Confucius and the other Sages in the feudal days. Now the process is being extended to all major centres throughout the country, where branches of the P.P.C.C. exist. With this object, the Hopei Institute of Political Science has been officially founded in the spirit of "The Decision on Organising People of the Various Democratic Parties, Industrialists and Businessmen, to Study Politics and Theories," made by the National Committee of the P.P.C.C. Representative democrats, industrialists and businessmen in the province are supposed to attend this institute in turn for studies. The first group who turned up for lessons were deputy magistrates, vice-chairman of county and municipal committees of the Consultative Council and county and municipal industrialists and businessmen.

Apparently even after the decisive victory on the ideological front too many were still unable to keep pace with the progress of events, so it was still necessary to "repulse the frantic attacks of the rightists," and to remould people's ideology thoroughly. The students are required to browse upon Chairman Mao's report on the correct handling of contradictions among the people—not between the people and the Government—and the major design was that they should convince themselves of the superiority of the socialist over the capitalist road. Such a distinction, it was held, would serve to destroy the capitalist stand and provide foundations for the socialist stand. They were reminded of Chairman Mao's warning that "humility makes

people progress; pride makes people retrogress." But there are two sides to that, and it is as hard to induce a leopard to change his spots as to transform a thorough paced Chinese trader into a convert of Marx.

Peking laid down the law for the bourgeoisie in no uncertain terms after the counter-offensive against them and other Party critics. Both the bourgeois elements and the intellectuals were required to accept socialist transformation politically and ideologically. To accept socialist transformation meant "revolutionising oneself." To accept socialist transformation economically meant changing one's social position or economic position of the exploiting class. To accept socialist transformation politically and ideologically meant changing one's own class standpoint and class nature politically and ideologically. "To get rid of one's mortal frame was," said Li Wei-han, "a fitting phrase to describe such transformation." And the Director of the United Front work of the Party went on to say that most of them had not fundamentally changed their political standpoint and ideological nature. On the contrary, as a whole their political standpoint and ideological state are not compatible with their social position, and some of them even run counter to their social position. Properly speaking, they were in urgent need of socialist transformation.

It was unrealistic to say that having joined the trade unions and become part of the working class they had no need for transformation. Going by their general character, said Li Wei-han, all the democratic parties in China have always been and still are bourgeois political parties. It was not until after the People's Republic was founded that they accepted the leadership of the Communist Party, the Common Programme, and the general line of the transition period. Measured by the

standard of the six criteria laid down by Chairman Mao Tse-tung, they contain a small number of both leftists and rightists, with the great majority in the middle. The middle-of-the-roaders, who form the majority, are a concentrated reflex of the basic ranks of the bourgeoisie and their intellectuals. These middle-of-the-roaders all have a two-sided political character. They accept the leadership of the "working class" unhappily and with considerable dissatisfaction and resistance. Some even feel antagonistic.

"Some of them are capitalist industrialists and merchants. The State paid an enormous amount of 'buy out' money to them for their means of production, provided them with employment in the process of changing the ownership of the means of production, and raised their political status to a proper level. But their personal remoulding falls far behind the development of the political situation. A number of them still hanker after capitalism, do not whole-heartedly serve the socialist enterprises, do not wish to admit their two-faced character and the necessity for socialist transformation, and do not wish to learn from the workers. Some of them, who consider they have contributed much to the transformation of enterprises, become arrogant politically . . . Another part of the middle-of-the-roaders are intellectuals. Many of them have long served in the State organs and the economic and cultural departments of the State. The Communist Party and the People's Government have all along given importance to them, created unprecedented conditions for developing their talents, and striven to transform themselves into red intellectuals. But some of them demand that 'the worthy and scholarly be shown courtesy and respect' and refuse to accept the CCP leadership in their conviction that 'the working-class cannot do without the intelligentsia.' They do not wish to serve the workers and peasants;

many of them long for capitalism and evade socialist transformation; they do not admit themselves to be bourgeois intellectuals and do not admit the necessity for transformation. Some of the middle-of-the-roaders are persons coming from the reactionary ruling class and imbued with capitalism. Instead of renouncing their capitalist standpoint, they hanker after the political system and legal system of the reactionary ruling class and do not reconcile themselves to the power to which the working people have come. Some are even in a state of bitter grief over the elimination of the reactionary class."

But apparently the middle-of-the-roaders have a two-sided character: their progressiveness inclined them to the left, and their backward character inclines them to the right. This transitional state, say the pundits, cannot remain unchanged. Before the Party hit back at its critics a number of the middle-of-the-roaders regarded the rightists as their intimate friends and spokesmen and some of them even played the part of allies of the rightists. It was not until the Party ferociously rounded on the rightists that they became startled and began to awaken. As the tide of socialist revolution moves forward it is wrong, and indeed impossible, argues the head of the Party's United Front, to "act cautiously to save one's skin," or to "come to terms with the present," or "straddle the fence." Only one way was open to them and that, says Li Wei-han, was to accept actively socialist transformation. The rightists within the democratic parties not only associated themselves with the rightists in society but, because of the political status accorded them by the people, they played the part of hardcore elements in the nation-wide rightist attack on the Party.

Another question is that of sincerity in accepting the leadership of the CCP. The rightists wanted to

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WHITHER HONGKONG?

By Francis K. Pan, D.C.S.

This is a personal memorandum prepared by Dr. Pan at the request of his American friends following his visit to the United States in September-October, 1957. It is published here with his consent.—Editor.

Introduction

"But where is Hongkong?" asked an earnest looking face in a small audience to which I had the pleasure of speaking in New York City on the economic and political problems in Southeast Asia. I was not taken aback by the question so naively put, because I realized that Hongkong is such a speck of place that one would find it difficult to pin-point it on a world map. People have hazy ideas about its whereabouts except knowing vaguely that it is somewhere in the Orient. Letters from abroad have often been addressed "Hongkong, China." Only last week, I received one addressed "Hongkong, Japan," while all the time the correct address is "Hongkong, B.C.C." (British Crown Colony) since 1842.

Geographically, Hongkong is located on the S.E. coast of the China Mainland with a total area of 35.5 square miles, of which the island accounts for 32¼ square miles and the Kowloon ceded territory, a strip off the tip of the peninsula of 3¼ square miles. The outlying territory of another 355 square miles was leased from China in 1898 for 99 years. Between the island, known as Victoria, and Kowloon lies the beautiful harbour, a natural and almost landlocked anchorage of about 17 square miles with a varying width from 1 to 3 miles. The semi-tropical weather is agreeably tempered by the monsoons. Except for the somewhat hot and humid months from May to September and the possible effects of typhoon from July to October, Hongkong days are full of sunshine and enjoy a temperature ranging from 59-82° F. The green of the hills, the aquamarine of the waters and the multi-colours of the panorama contribute to Hongkong's scenic splendour.

Historically, Hongkong was dedicated to trade from the very beginning when it was ceded by China to Great Britain under the Treaty of Nanking. And for trade, it has survived the vicissitudes of time. It played the role of an entrepot very successfully until its occupation by the Japanese in 1941. But it is not the history of the first 100 years that would interest us; we are more concerned with what Hongkong is and will be. The phenomenal recovery and growth of this port since the end of World War II brought into stark recognition of Hongkong's market potential. A multiple of circumstances have been at work to build up Hongkong into a veritable metropolis, a city of perfect East and West fusion. The population has expanded from 500,000 in 1945 to 3,000,000 of today!

There must be 3,000,000 individual appraisals why Hongkong has become the choice of their venue. Hongkong may now be described as an oasis in Southeast Asia, unperturbed by unrest and strife prevalent elsewhere. Young sovereignties, new and confused ideologies, reshuffled wealth and fortune hold the teeming millions in great bewilderment. Hongkong enjoys a tranquillity amidst all this sound and fury. A well known visitor to Hongkong ad-

ressed a meeting the other day, "I have been deeply impressed by the beauty of your island, the poise and industry of the populace, the optimism in reconstruction and consolidation, the prosperity of the community and the apparent law and order: all, shall I say, within the mouth of the cannon!" He was referring to Hongkong's proximity to Communist China. But should our gentle visitor remain with us, he would discover for himself that the Hongkong people are imbued with both confidence and resilience. Considering the trials and tribulations of the people all over the world, Hongkong's lot is strangely fortunate. The *raison-d'être* of a prospering metropolis lies in the stamina of its people, in their understanding of the problems surrounding them and their determination to solve these problems in the light of changing conditions. In this respect, the Hongkong government and people have been remarkably vigilant.

Speaking of defence Hongkong today is formidable and prepared unlike the days prior to the Japanese invasion. Any design on Hongkong at the present would mean a major military operation. The motive for such a design is lacking. And the Communists across the border, even for vainglory, will have to think twice before instigating an attack. In the event of such a hazardous undertaking, it would constitute outright aggression, against which the Allies have their standing treatment. Commonsense-wise, Communist China is making full use of Hongkong as a port outside of the curtain. Her substantial exports have been a gratifying source of surplus and the much needed foreign exchange. The minute that Hongkong is engulfed, if it ever will, within the Red orbit, it loses its usefulness and there will be added millions of people to feed. Communist China has many major problems in other spheres and many more imminent domestic problems to engage her attention. She would indeed refrain from creating incidents that would only bring her irreparable damages.

Another observation of significant interest is that the people of Hongkong are overwhelmingly anti-Communist. Many have escaped from Communist rule; many more have their relatives and dependents still under the Communist grip. Hongkong is within ear-shot of the doings on mainland China and reports have been generally agonizing. The Hongkong government, although recognizing the Communist regime, does not share the Communist ideology. It does not tolerate political action of any kind and, in fact, seeks to suppress it. Communists in Hongkong are virtually underground. They are known to the Government intelligence and are placed under very close surveillance. For trade and trade only, the Communists can move about as freely as anyone else.

Understanding the problem by the local residents is what has made Hongkong living and striving possible. The port is now served by over 43 major shipping lines and 15 air lines. The growth of industries, of modern housing both residential and commercial, the extension of roads and highways, parks and public works and community projects are changing the entire Hongkong landscape. What the outside world can do in modernization, Hongkong can do it as well and more economically. What are the contributing

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factors? Above all, Hongkong has upheld rather liberal economic policies of free trade. It is a free port without import duties except on a handful of items. It has a free exchange market where the remittance of profits and repatriation of capital can be accomplished with ease. Banking, insurance and shipping facilities are adequate. The cost of living has been stable and is favourable by any comparison. Taxes are more than moderate with profit tax remaining at 12½% since 1950. Hongkong also enjoys the freedom of speech and religion. To say that Hongkong is a window for free trade, is it not also a window for democracy?

But for the purpose of our discussion, Hongkong cannot be fully appreciated without considering its unique position in Southeast Asia. Over and above its rich natural and historical endowment for trading, it has emerged since 1952 as the "booming new shopping centre for the whole of Asia." It is so regarded by even the market-wise Japanese, envied by the Philippines and countries from Malaya to Pakistan. This leadership is to be attributed to Hongkong's century old experience as an entrepot merchant and to its adaptability to a changing environment. The experience, a combination of Anglo-Chinese sagacity, is the inherent and inimitable strength. The Hongkong merchant retains the alertness, perception and tolerance unequalled by other business communities in this part of the world. This has made Hongkong not only a jewel city for holiday makers but a haven for the enterprising and the intelligent.

Against this backdrop must we therefore assess the potentialities of Hongkong in the years to come. Important events have taken place to show the world what Hongkong is capable of. How to sustain the desired growth? How an economic Hongkong can substantiate a political Hongkong of the future? What accomplishments are here to stay? What more can be done? What are some of the problems which Hongkong has yet to solve and which international bankers and investors can help to solve? It is hoped that the following observations may be relevant.

I. THE INFLUX OF CAPITAL

During the first eight months of 1957, it has been estimated that at least \$1,500,000,000 found their way to Hongkong. This figure can be anybody's estimate as no official statistics are available. Funds have come from all parts of Southeast Asia, principally from Malaya, the Philippines, South Vietnam and Indonesia. The relatively unstable political situation and uncertain economic outlook in those countries have led the cautious investors to seek safekeeping and investment in or via Hongkong. Looking back to the years since 1946, transfers of capital have been cyclical in response to political and economic maladjustments developing in the various neighbouring localities. The funds came mostly from the overseas Chinese. Last year's influx has helped to sustain a boom, which, at the end of 1956, was thought to be levelling out.

The question may be asked, how was it possible for such large sums to be transferred from countries where rigid foreign exchange control was professedly under enforcement. This query has mystified many observers. But it is generally believed that the native banks and family affiliated enterprises have played an important part in making these transfers possible. Trading arrangements have been routed via Hongkong with proceeds made available here and this was another source of intake. Funds kept on coming, attracted by a greater degree of mobility and greater opportunities of investment. Local expenditure by the various military services, foreign agencies and the in-

creasing number of tourists account but for a small portion. Remittances for investment in industries, real estate and building construction have been large. A considerable portion went to conversion to foreign exchange for transfers abroad and for conversion into bullion and for loan funds. The latter have been also to fetch from 8% to 12% interest per annum.

By studying the situation further, one would be impressed by an urgency and necessity to channelize the funds into more balanced and economic fields of utilization. To the average man of wealth, safety of principal is always his chief concern but often he would err in failing to acquire the desired diversification. The more speculative, and indeed they are many, prefer the "fly-by-night" undertakings. A number of building projects is suspected of speculative leanings. When the building boom was at its peak three years were all that was needed to get back the investment. Currently, it will take longer. Here is needed the sober advice of the banker to guide and aid the investors. Unfortunately this service is sadly lacking in Hongkong. The banks here, even some of the largest, have invariably played a passive role that of obliging themselves at the dictates of their clients, so long there is money to be made. The legal profession is always at the beck and call to force the issue. Indeed, there is money lending but no banking. To what extent has the local banker advised his clients about the economies of investment, the utilization of funds, the problems of production and markets? Or has the relationship between them been purely one of dollars and cents? Have the banks here played an active and positive role in the growth of Hongkong economy?

The banks can assist in the channelization and utilization of funds by giving counsel and guidance. A typical case may be mentioned here. A Chinese client with \$5,000,000 knows above all the things he needs to know that he should deposit his money with a number one bank both for safety and for prestige. It was easily arranged. Among the few questions asked was whether the deposit is to be fixed or current. After the necessary formalities, the banker and the new client shook hands and parted in the most polite manner. It could easily be the last time that they would ever meet. The Chinese client reads little English and the bank publishes nothing of economic interest. Money was buried; and there are huge funds of this kind thus deposited in Hongkong's banks. It does seem such a great pity for both the bank and the client in not pushing banking to its logical conclusion. The intimate relationship such as existed in American and continental banking must be built up here. Hongkong is no longer the small city of ten years ago. It is becoming very cosmopolitan. It has an industrial program to sustain and develop. It needs enlightened financing and investment counsel. There are individual funds, estate funds and institutional funds in deep freeze besides the large amounts of transfers coming in almost daily.

II. THE GROWTH OF INDUSTRIES

Industries on an organized scale was a postwar development, i.e. since 1946. Today it has drastically changed the pattern of local economy. The earliest of industries were devoted to services connected with shipping, port development, building materials and the requirements of a relatively small population. The 1st World War gave Hongkong the first stimulus, followed by the Ottawa Agreement of 1932, under which Hongkong products became entitled to Imperial Preference. The first few years of the 2nd World War and the acute shortage of consumer goods in Southeast Asia following the war and later the influx of Chinese refugees from the mainland were factors constitut-

ing waves of encouragement in the building of industrial Hongkong of 1957.

The industries of today have provided Hongkong with a new economic base. The growth in the last few years has been phenomenal, made possible by a happy combination of abundant capital, technical know-how and cheap labour. In 1948, there were 1,160 factories and by 1956 there were 3,400 factories manufacturing over 500 kinds of products. Over 50% of today's population are directly or indirectly dependent upon industry for their livelihood. The following list shows the local industries in the order of their importance:

- (1) Textiles
- (2) Enamelware & Metal Products
- (3) Electric Torches, batteries, bulbs
- (4) Paints
- (5) Foodstuff & Beverages
- (6) Tobacco
- (7) Footwear
- (8) Cement
- (9) Cordage, Rope & Twine
- (10) Plasticware
- (11) Sugar
- (12) Felt Hats

There have been signs of saturated technology in several industries. Unless it is improved and broadened in time, Hongkong exports will suffer. Technology is ever pressing forward. It becomes backward once it stops to advance. Again technology's privacy is shortlived. Soon it became the common possession of the competitors. Such indeed is happening to Hongkong. Those who expect to stay in the market will have to know the latest innovations in processes and product design. In addition to the technical problem, they are also confronted by financial limitations. Industrial capital in Hongkong is seen in constant competition with speculative capital. Industries which have had good earning years are pitched against the problem of expansion. When they do expand, they are faced with the problem of marketing and the fear that large orders might not keep up. The convenient course and the line of least resistance to follow is to keep off expansion but to sub-contract production. The result is that little or no control over quality is possible and the ultimate loss of the market. In other words, only the industries which are able to combine successfully the advantages of mass production, quality control and marketing initiative can remain in the picture.

Many American importers have experienced difficulties in the said connection and have been at a loss to understand why. To start with, the Hongkong exporter was keen to submit excellent samples. The American importer was impressed and did not hesitate to respond with a small trial order. That was handled smoothly enough. The American importer was delighted. Meantime, the product was selling well, so well that the American importer cabled for a very large order. The Hongkong exporter was overwhelmed by the size. He became ambitious but his abilities did not measure up. When the goods were delivered, his American friend was both disappointed and disgusted for either the order was not fully filled or filled only with inferior material and workmanship. Complaint, rejection followed the unpleasant course of events.

Cheap labour in Hongkong is an advantage but it would become a liability if it is not geared to the requirements of individual industries. On this will hinge in part the future of Hongkong industries. In the case illustrated, it may be seen that the Hongkong exporter and manufacturer

has failed in the proper application of labour, while it is true that he is at the mercy of the American importer as far as marketing is concerned. Production planning is almost impossible under circumstances of fluctuating demand over which the Hongkong exporter has no control. A healthier situation could develop if the interests of production and selling were brought more into line. Here again, American banking service may find ample expression and reward. Any industrial loan made to local industries may be well advised to attach a provision of technical and management service and a matching program of merchandising in cooperation with American importers. This problem is not one of Hongkong alone, it is shared, even more keenly, by other undeveloped industries in countries of Southeast Asia.

A fine example is seen in the advisory and consulting engineering services furnished by appointed experts to the Council for U.S. Aid in Formosa. These services assist in the selection, development and implementation of certain projects within the framework of a program of reconstruction, rehabilitation and economic development in Nationalist China in the fields of electric power, transportation, communications, mining, logging, public works and general industry. The appointed experts function as consultants to a particular project and would review such economic and technical factors that would contribute to the development of a balanced program. The appropriation section often follows the recommendations of these experts thus financing is placed on a practical and constructive basis. Banks abroad are known to retain pertinent technical services. It is believed that the introduction of such practices to Hongkong is opportune. This is further considered in connection with the growth of trade.

III. THE GROWTH OF TRADE

Hongkong trade in 1956 reached a new high since 1951. Of the imports, \$4,566 million, USA ranked 4th place with \$423.8 million or slightly over 10%, overtaken by China (\$1,038 million), Japan and United Kingdom. Of the exports from Hongkong, \$3,210 million, USA ranked 9th place with \$116.5 million or less than 4%, being preceded by Indonesia (\$501 million), British Commonwealth, Malaya, Thailand, Japan, United Kingdom, China and Korea. These figures should be of interest to the trading parties on both shores. They are gratifying in that they did represent substantial increases over 1955. Although imports from USA did not show any appreciable increase for the first eight months of 1957, the exports to USA have totalled \$119.7 million, in excess of the whole of 1956.

American imports into Hongkong have shown an up-trend. There are many contributing factors, among which may be mentioned the increasing relaxation of prohibited exports to mainland China, the growing confidence in the security of Hongkong, as reflected in the increasing American investments in local industries as well as purchases of American machinery and parts by local manufacturers. Also aided in the growth were the American economic aid to Asian countries, which approved purchasing in Hongkong, and American goods for Singapore and Malaya via Hongkong.

Hongkong exports to USA, with a monthly target of \$12 million, have shown a dynamic trend to increase further. The agreement between Hongkong and US governments on Hongkong exports using the Comprehensive Certificate has come to cover a larger number of articles. Hongkong manufactured articles enjoyed a price attraction and, for price markets, were given sizable repeating orders. More trade representatives and a vast number of tourists have been visiting Hongkong giving practical encouragement to handicrafts and other Hongkong products. Lately

more and more Japanese goods have been processed here for re-export to USA.

Speaking of Hongkong trade as a whole, the entrepot business is in fact still retained. Instead of serving as an entrepot for China, Hongkong is now serving the whole of Southeast Asia. Hongkong's industrialization has placed her in an enviable position as a processor and a supplier. Its facilities for shipping have made the port a favourite rendezvous of seagoing trade. Purchasing by American aid countries as well as by individual governments have been routed through Hongkong. Japan admitted that for some time yet, she would have to make use of the established channels of Hongkong until her goodwill is sufficiently restored. Private purchasing through Hongkong enjoys the advantages of the free port. For a similar reason, sales have been made here with proceeds held in abeyance. And it must be acknowledged that mainland China is still the biggest client and a factor to be reckoned with. Not infrequently Communist China has dumped low priced goods and bought her supplies from stock. Hongkong is a convenient place for buying stock and on indent orders.

It would follow that for trading in Southeast Asia, Hongkong can serve remarkably well as a clearing centre. More goods of different nationalities are exhibited here and more agencies are represented than in any other city in the area. Of special interest to the American businessmen are local purchases approved under the aid program. Using this as a start, a qualified agency could render both a useful and profitable service by organizing reputable importers and exporters in an overall plan for the promotion of industrial and commercial development in Southeast Asian countries. The type of goods once used has to be followed up either by repeating orders or a home manufacturing program. Soon a two-day trade financing can be worked out. A desired balance of imports and exports may also be directed through the work of the agency. Say, financing will be considered up to 90% of the CIF value of the shipment on the condition that the applicant shall satisfy the agency with a security or commitment of importing or exporting, as the case may be, an equivalent or proportionate value in the other direction. This arrangement has the advantage that trade will be guided into desired channels against definite program targets with the result that greater specialization and improved quality of production will be possible. A longer acquaintance between the exporter and importer may be fostered. With countries where imports are designated for industrial development, the agency can offer technical assistance with consistency and continuity. Hongkong as an entrepot will now serve also as a clearing house of SEA trade.

Channelized trading will help to develop the solid long-term business relationship which is essential for American interests who are qualified and equipped to obtain an increasing share of the Eastern trade. Eastern business to be effective must rest on long acquaintance and the understanding of needs. It is patient and painstaking but once the relationship is established, it lasts. Having a good product is not enough. The selling of it makes all the difference. Here the experience of Socony Vacuum, the British and American Tobacco Company and the Nestle's Milk in China 50 years ago are illustrious examples. The salesmanship then was untiring, tolerant, faithful and friendly. Neither a hit-and-run method nor a crying-baby behaviour ever helped. The days of special privileges and of extraterritoriality are over. The government can help with facilities but cannot fight the battles. The task force of today should therefore be composed of the banker and the trading parties. They need to pursue their work with dedication and an almost new missionary spirit. Hongkong is the logical outpost for stationing such a task force.

IV. THE EXPANDING TOURIST TRADE

It has been said that on a tour of the Far East, one should by all means include Hongkong and Japan in his itinerary. This is so, because the two cities are far superior in being able to offer points of interest and patterns of gracious living. The Cunard White Star liner Caronia with 500 millionaire tourists made its first visit in 1955. There have been more and more conducted tours through Hongkong. More American motion pictures have been located here, helping to publicize the scenic beauty of the island to a wider public than ever before. The price attraction of Hongkong products and imported goods has made Hongkong a shopping centre. Although no statistics of the actual number of visitors to the fair city were available, passenger traffic by air, land and sea in 1956 is rather revealing:

	Embarked	Disembarked
Passengers by Ocean going steamers	53,017	56,164
Passengers by aircraft	85,876	94,176

That the hotels are full the year round is also indicative of the number of visitors who made stopovers. It has also been estimated that on the average tourists spend in the neighbourhood of \$200 per day per person.

The Hongkong government has since 1955 given careful consideration as to what extent the government should assist in the promotion of tourism. In July, 1955, a committee was appointed to make recommendations on whether a Tourist Association should be formed with an executive secretary paid by the government. Since then, the Association has come to be formed with a board of management and with funds from the government to the total of \$3,700,000 earmarked for a number of promotional activities. Among the priority projects are first class hotels by private capital both in Victoria and Kowloon. The leadership taken by the government is giving apparent impetus to the trade-conscious community. Many of the new multi-storey buildings in the central district have incorporated shopping arcades. Handicrafts are being better organized and exhibited. American interests have taken part in several local industries such as Chinese styled furniture, Oriental fashions, carpets, etc. These products represent combined East-West motifs and have been favourably received.

How to bring American enterprise and showmanship into this budding tourist industry has often been asked by the interested parties. Two years ago, the Hilton Hotel group of specialists visited Hongkong. They met many people and even studied a number of propositions. The only site which met their fancy was said to be the present Government House. The story went around that when they called on the Governor, His Excellency suggested to offer the site for sale but definitely not during the tenure of his office. The incident, although an amusing one, brings out some interesting points. The Hilton Plan calls for local investment and they would only contribute the management. It would sound a welcome formula for Hongkong. Why then was there no bite? The answer was that the stupendous scheme of the Hilton brand so bewildered the Hongkong investors that it was beyond their appreciation. The mists for holiday makers and tourists in America are too far advanced for local imitation.

Hongkong's transformation and progress must beat its own cadence. American institutions will succeed here if their designs are made to measure to the requirements of Hongkong. And the field of investment in this direction is wide open. A modern drug store, a cafeteria, a bar, a bowling alley, a department store and even a drive-in

theatre are attractive projects awaiting the enterprising minds. Here and there, American methods may be adopted to great advantage but a complete transplanting of physical dimensions would be ill-advised. It may also be opportune to mention here that quite a number of American tycoons have visited Hongkong. People have sought their views and understood not. Some were shied away by the visitor's matter-of-fact and take-it-or-leave-it attitude. How unfortunate that several working arrangements have thus been missed. Still, many believe that much more can be done for the Hongkong tourist industry by businessmen from America than from dear old England, if only the former would step down from their pedestals and walk the pace of the natives. The Hongkong people will learn to catch up fast enough.

V. TRUST BUSINESS AND INVESTMENT IN SECURITIES

In the postwar years, two large European banks in Hongkong have set up Trust Departments as separate entities. The attempts by the Chinese banks have not been successful largely because of their lack of experience in this highly developed form of fiduciary business. There is an important reason why the trust business is here to stay and to expand. Large estates require the services of executor and trustee business. Absent owners also need them. Savings of three generations have to be administered against a modern and changing background, which family connections are unfit to handle. The older men in their wisdom have come to appreciate the sound judgment, established practice and continuity such as a modern trust company can offer. The enjoyment of such benefits in Hongkong is only in the beginning.

Two well known brokerage houses in New York City have been studying the prospects of setting up an agency or branch for trading in securities. To understand the implications and to assess the potentialities, it will be worthwhile to inquire into Hongkong's experience in this type of business. Operations on the Hongkong Stock Exchange are relatively small with 64 listed shares and a business turnover of barely \$211 million local currency in 1956. There has been a sharp decline last year—a drop of over \$50 million down to \$146 million, caused by credit restrictions on the one hand and the switch of funds to speculative and more remunerative vehicles on the other. More investors are turning their attention to American and Canadian stocks. It is true that for anyone having had some acquaintance with London and New York shares would find the Hongkong market much too restricted and much too dull. The trade in American and Canadian securities started in 1950 and there are now six firms engaged in the business. There is a noted absence of specialists in London securities though some of the banks here do handle them. The attraction to deal in securities of hard currencies may explain the general preference of gold dollars to pound sterling.

It is almost impossible to estimate the average annual holdings of American and Canadian securities by the Hongkong investors as the brokerage houses are not organized and no statistics are published. Consider it as a wild guess, the total would not exceed \$25 million U.S. dollars. A number of banks here also handle the trading of securities on behalf of their clients. There are also investors who cable direct their brokers in New York City. During recent years, competition has become very keen. Some houses resorted to giving rebates which seriously affected the margin on legitimate operations. Few can claim as being in a position to give investment counsel. The day of a brokerage association is yet far distant. It is really up

to the bona fide houses to uphold the standard of service along with their scheduled charges.

Judging from the operations of the local brokerage houses, there is a tendency of too much brokerage and too little service—too much superficial specialization and too little of investment knowledge as a whole. The result was that during severe setbacks, such as recently experienced since President Eisenhower's first attack, many brokers were absolutely inactive and lost a substantial clientele. Had they broadened their operations and had they given investment counsel from time to time, their difficulties could have been mitigated. Branching into Mutual Funds were not sufficient as they are in the same family and are affected by the same factors of American economy. Brokers here are not experts in short positions since they are not conducive to coverage with the vast distance away from the market.

Reference has been made earlier of the vast influx of capital into Hongkong on top of Hongkong's own funds. Contrasted with the small holding of foreign securities, it would appear that there exists a great potential for the security business. A firm with substantial U.S., Canadian and European contacts may find the trading of world-wide securities a profitable undertaking especially when it is teamed with some other service. Experience has shown that besides the Westerners, the mainland Chinese now refuging in Hongkong are more familiar with this business. Indeed the able ones are all in the market by this time. However, one fertile field, which is only barely touched, is the local Chinese, Portuguese and Indian communities. Great possibilities exist in the overseas capital which has been coming into Hongkong and "drifting" unguided. Real estate and building construction took \$685 million during the last year. Unknown amounts, which are undoubtedly large, find their way to U.S. dollar and Swiss Franc deposits abroad. Remittances to mainland China have been estimated at \$300 million a year. Money is plentiful and is looking for investment. Ideas and avenues are lacking.

The question has been asked whether Hongkong can operate on overseas security markets considering the vast distances and time difference. Experience has borne out that with New York stock markets, operations are practicable. There are even advantages by operating from Hongkong. "Distance lends enchantment" actually works in this instance in that operators at this end have been able to maintain a more poised viewpoint and appraisal of market trends and are not susceptible to fits and starts of the floor operator. The 11 hours (ahead) difference in time enables the Hongkong broker to gather his orders for the day and cable out his instructions before office closing at 5.00-5.30 p.m. His New York correspondent would receive the cable long before the opening of the market, giving him ample time to decode, check and group the orders for relay to the floor representative. At the close of the market, New York cables back with the executions reaching Hongkong before 9.00 a.m.† Then another day. It works beautifully. If an arrangement can be made with the local cable office, night operation, i.e. cables reaching the floor, may also be feasible. In fact such was actually practised in Shanghai before the war.

VI. CENTRE OF ECONOMIC INFORMATION

The fact that the majority of international correspondents in this theatre make their headquarters here speaks well for the central location, facilities and mobility of Hongkong. As a listening post and screening centre of informa-

† Hongkong time: 9:00 am—5:00 pm—New York time: 8:00 pm—4:00 am
New York time: 9:00 am—5:00 pm—Hongkong time: 10:00 pm—6:00 am

tion for all of Asia, Hongkong is admirably placed. Trading representatives, government officials and people in the know of economic conditions made their frequent stopovers. Information thus gathered is lucid, realistic and up-to-date.

By virtue of the excellent airline connections, most SEA countries can be reached within 4 hours, India and Japan in 7 hours. An on-the-spot investigation can be conducted with the utmost dispatch. It is an easy matter to keep abreast of current economic developments. The existing links and contacts in Hongkong with the outside world have not failed to give timely signals for action. And on the march of the American Aid Program, this is an unequalled vantage point to watch and supervise with objectivity.

Economic statistics in this area are incomplete. Even trade statistics are of skeleton form. The Hongkong government, however, has been able to offer more illuminating information. Besides trade reports, Chamber of Commerce bulletins and government trade returns, the faculties of local colleges and Hongkong University have shown both keenness and awareness in undertaking topical studies of current interest. The Far Eastern Economic Review, the only English language economic and political publication here, has been published since 1946. It serves very well as a convenient day-to-day reference. A systematic effort by qualified research workers can indeed help to bring about a practical digest of pertinent facts and authoritative opinion. And it will fill a long felt need.

VII. DIFFICULTIES AND PROBLEMS AHEAD

The foregoing account, however, is attended with a number of difficulties and problems. They have to be faced and solved by the Hongkong government and people. The guidance of the British home government is important. But essentially they are local problems and call for local treatment.

1. THE PROBLEM OF POPULATION: With a current population of 3 million and an annual birthrate of 75,000 confined in an area of 391 square miles, Hongkong is desperately in need of effective measures to cope with housing, fire hazards, public health and education. To have cheap labour alone is no pride but to have both cheap and contented labour is. To bring about happier circumstances, it will depend on what degree of improvement is made to the standard of living of the masses. The standard of living here is as sharply outlined as the contour of Hongkong hills and environs in their varying degrees of elevation but mostly is found on the low plain. Many believe the contrast is too glaring for comfort. On the labour front, it will help in broadening the means of livelihood by organized training among the industries of unskilled labour, gradually bringing them up to the skilled level. The government emphasis on technical education during recent years has been a step in this direction.

Hongkong is in need of a civic spirit to weld together the heterogeneous population. In the past, and there are remnants of this thinking even today, people lived and toiled here for the sole purpose of making money and remitting it home. When their task is done, they went home with all their belongings, lock, stock and barrel. They were the birds on the ramage; their nests were in China and Europe. The situation is different today. People are no longer transients, they are here to live and die. The idea of home has changed so much with world conditions as they are. Hongkong makes a beautiful home for anyone who loves to stay. How to develop the civic pride? How to encourage community and welfare projects? How to retain the benefits for Hongkong and Hongkong alone?

In the larger sphere, either emigration should be encouraged by the government in consultation with governments in the Commonwealth and in other regions or by adequate external financial help. It is therefore heartening to observe that the United Nations have finally recognized the plight of and the need of assistance to the Hongkong refugees. At the same time, the Hongkong Government is continuing with its housing schemes and has launched on long-range plans of developing new towns in the leased territory.

2. THE PROBLEM OF POLITICAL STATUS: Hongkong is a colony but not an equal member of the British Commonwealth, though it enjoys equal protection. British possessions in the Far East have been undergoing drastic political reorganization, dictated partly by policy and partly by local requirements. Independence has been granted to Malaya. Singapore's future is uncertain and agitations are going on for independence. Singapore is not economically independent which may work against an immediate realization of its political objective. However, the issue remains a live one and people in Singapore are politically minded. The independence of Malaya has also given them cause for encouragement. It is part and parcel of the colonial problem which is daily engaging the attention of the British home government.

Hongkong's position is unique and calls for different handling. There is no vehement agitation for self-government and little or no political movement to speak of. Credit must go to the government administration and its policies. Only a very small minority of the residents here are either British or naturalized British. The majority are immigrants who are issued Hongkong identity cards. As for travelling, they use the Affidavit issued by the local Immigration authorities. These persons are without passports and are technically "men without country." They live under British protection and they form the bulk of taxpayers. Here comes the question: Will these people be satisfied with their status as paying guests without the rights of citizenship? It is to be granted that to live under the law and order of Hongkong is itself a blessing and a privilege, in sharp contrast to their experience of turbulent living from areas where they came from. But it does not mean that they will indefinitely live in contentment and docility. And the situation must not be permitted to be construed by their communist neighbour as a pretext for intervention. It is better that the government should take the initiative of giving, in due course, a satisfactory answer to this all important question. If citizenship is to be offered, preparations cannot be longer delayed.

Intricately involved with the status of Hongkong is the problem of the leased territory, which forms the larger portion of the landed area. The lease has forty more years to go. At its expiration, the government of China, be it Communist or Nationalist, would naturally expect the restoration of the territory and in the light of contemporary politics, Great Britain does not seem to have any recourse of non-compliance. Although it is not an immediate problem, any discussion on Hongkong's political status cannot afford to ignore this shadowing event. The recent move of the local government to create satellite towns in the New Territories seems to point to a conscientious preparation for ultimate self-government in the area, which will serve as a friendly buffer between the ceded territory and the Chinese border. This is purely a speculation. The problem has to be faced sooner or later.

3. THE PROBLEM OF TECHNOLOGY AND MARKETING: That Hongkong has entered a new era of industrialization brings to the forefront the problem of competition on a worldwide scale. It has been shown that cheap

labour cannot be held as a trump card all the time, for the cost of labour does increase as unskilled becomes semi-skilled and the semi-skilled becomes skilled in an organized industrial society. The cost of living though steady is also pointing upward. Now the source of cheap labour is stemmed with immigration restrictions. And the community cannot expect to support any bigger population than what she has already. The natural solution lies in the better utilization of labour through the introduction of improved technology and management control in various industries. The Governor of Hongkong spoke at the opening of the 15th Hongkong Chinese Manufacturers' Exhibition to the effect that the present Chinese Manufacturers Union, which sponsored the Exhibition, should be enlarged to become a federation for all Hongkong with more effective control so that the improvement of technology could be more easily introduced and benefits could be shared by all manufacturing industries, large or small. The suggestion is receiving support.

Improved products to be acceptable on worldwide level demand up-to-date merchandising, in which to date the Hongkong experience is most inadequate. It is quite true that Hongkong products have been well received at several international fairs abroad. But the participation has been so small that to most of the manufacturers and exporters here, the overseas markets remain strange and unexplored. From packaging and advertising to general sales promotion on a worldwide scale, Hongkong merchants have much to learn. The emergence of Hongkong from a price market to quality must be aimed at. Perhaps it is relevant to mention here also the need of a corporate concept in business organization. The advantages of a corporate form of organization have not been thoroughly grasped by the Hongkong business community. China was once criticized as a "nation of shopkeepers." That was not unfavourable, but to be competitive on world markets, the shop organization of the partnership and proprietorship cannot work effectively. It is a job for the large corporation, where the pooling of capital and talent is made possible. Japan is an excellent example of having successfully acquired the secret of industrial and commercial organization. The story of their struggle and experience will be of immense value to Hongkong industry.

It is well within the realm of fulfilment that large corporations can be formed if Hongkong has the necessary financial and technical assistance from the outside world. The people here are keen and courageous and with the growing consciousness of civic responsibilities they are willing and ready to absorb proven formulas of success. American and European friends will find it timely to co-operate with Hongkong businessmen. In this connection, proposals on the line of industrial banking have been advanced on many occasions. Through this medium, the desired assistance in finance and technology may be best distributed to qualified productive enterprises.

4. THE PROBLEM OF COLONIAL THINKING AND FREE ENTERPRISE: Hongkong of the first 100 years has shown that its growth was invariably linked with the growth of private fortunes. A class of vested interests came into existence as a consequence thereof. The occupation by Japan during 1941-5 and the immigration of mainland Chinese refugees have in many ways blunted their former aggressiveness. However, with Hongkong settled down to produce and prosper, there has been a marked resurgence of this "proprietary" thinking. Although the attitude of the Hongkong Government toward colonial rule is fast changing, it could have been faster without this antiquated mental snag. The vested interests claim that they were responsible for the pioneering work and therefore are

justified to enjoy their "monopolistic" benefits. But how often "monopolies" have fallen down on their standards of service. There is some criticism of the indulgence which the Government has shown. Many newcomers have found that any suggestion to bring in competition has been thwarted with opposition and pressure. Examples point to the fields of public utilities, transportation and a number of marketing organizations.

Some say that it is better for Hongkong in the long run to have an orderly advancement in the hands of the responsible few. It is good argument provided that the responsible few are measuring up to the requirements and well being of a buoyant and dynamic economy. And that the government is on the alert to enforce compliance of such requirements. Failure or procrastinations in the course of enforcement would betray a thinking prejudicial to free enterprise. It is hoped that the authorities are aware of the imminence to alter their traditional outlook because in the days to come the policy of nondiscrimination will be put to test on more occasions than in the past. Hongkong to keep on growing will need new ideas, new talents and new capital. The "ethnic" Hongkong interests should tear down their "Keep Off" sign and in its place the sign of "Hongkong Welcomes You" should be hoisted high and clear.

5. THE PROBLEM OF AMERICAN-MADE BARRIERS: This highly interesting subject was aired by a number of American business men. While it is apparent that the American domestic market is so vast that foreign trade to the American business is only incidental, it does not mean that American economy can do without foreign trade. However, in foreign trade and especially in Eastern trade, American mentality has sometimes become the unfortunate barrier. The American formula as their rule of thumb and the reverence to a strictly American measurement of success have often proved to be the stumbling block to the initiation of new ventures. Learn from the Europeans who stay with the people they trade with, instead of acting as visiting firemen.

The almost uniform concept of achieving something spectacular and colossal has deterred many would-be friends. The American style of spending and their standard of living are beyond the comprehension of the struggling captains of industry in the so-called "backward" or underdeveloped countries in the East. A friendship between prince and pauper will not last unless the prince accepts the pauper as his equal. The American method of money-making is a technique far beyond the appreciation of Oriental traders. There have been plenty of imitations and failures. The painful truth is that the same plant will not grow and flourish without the same soil. American friends in their business-like and straight-to-the-point manners are often misunderstood as not possessing the necessary patience and tolerance. They give out an air of "they just couldn't care less."

The huge economic aid program has suffered certain avoidable setbacks to the dismay of the generous Americans at home. Indeed, the Americans would have expected heartfelt gratitude. The recipients of economic aid are more concerned with effective remedies, consistently administered, rather than untried foreign prescriptions. A patient may be led to accept even a bitter dose of medicine, if the doctor knows how to combine persuasion with loving care and authority. Many understanding and forward-looking Americans realize this delicate phase of human relations. And is it not true that international trade and investment in the final analysis are but forms of human relations?

WORLD COMMUNISM IN 1957

In the second half of November a series of talks took place in Moscow attended by leaders and representatives of 64 Communist parties. As a result two communiques were issued: one was a joint declaration of party doctrine, and was signed by the leaders and representatives of 12 Communist states with the exception of Yugoslavia; the other was a "peace manifesto", which was signed by the leaders or representatives of 64 Communist parties. It formally endorsed every aspect of Soviet foreign policy. The declaration exuded confidence in the continued expansion of the Communist world under Soviet leadership. It contained no new dramatic announcement or revelation, but laid down the principles of a common political strategy. It denounced the capitalist "imperialist" powers, and proclaimed the unity of the Communist camp in restating the so-called "basic laws for the building of socialism."

The two communiques differ not only in the composition or their signatories but in their character. In the declaration signed by the 12 ruling parties in the Communist bloc the emphasis was on Soviet leadership. Its real intent was to re-assert unity among the Communist parties of the world, and revive some of the spirit if not the form of the one-time Cominform. By contrast, the peace manifesto served purely propagandist purposes, though its appeal for peace and disarmament sounds particularly hollow against the background of Soviet intervention in Hungary and in the Middle East.

According to Pravda the Moscow talks were the "most representative and extensive international conference in the history of the Communist movement". That is an overstatement, to say the least. True, a lot of different Communist parties were represented in Moscow; but contrary to Communist propaganda, the 64 party delegations were not representative of the peoples of the world. Far from it. Some of the delegates came from countries where the local Communist party is so small that it has little more to show than its name. Others came from countries in which the Communist party does not even dare to call itself by its proper name but masquerades under some such label

as "People's Party", hoping that this sounds more attractive than 'Communist'.

There are 13 Communist parties in the group of countries dominated by the Soviet Union and China, with a combined membership estimated at 28 million. But the other 63 Communist parties of the world have only five million members in all. In other words, though there are 76 Communist parties operating all over the world nearly five-sixths of their membership is contained in little more than a sixth of the number of parties. It is a remarkable fact that in 40 major countries where people can freely decide on their political allegiance only three have Communist parties whose membership is more than one per cent of the population. These countries are Finland with 1.1 per cent, Indonesia with 1.3 per cent and Italy with 4 per cent. In the remaining 36 countries where Communist parties exist their membership is usually less than one per thousand. As an ideology calculated to win people's minds and devotion Communism has fallen considerably short of the boastful claims made in Moscow.

As time goes on Communism has less and less appeal for the free peoples of the world. Immediately after the Second World War there were Communist Party members in the government of 12 countries in the West. Today there is only one non-Communist country where Communists share in the Government that country is Iceland. Apart from this, Communist Party membership has dropped considerably in the past two or three years, particularly since the Soviet suppression of the Hungarian uprising in the autumn of 1956. The Moscow talks were also notable for reviving the idea of "popular fronts" in the free world. This Communist tactic of seeking to join forces with Socialist and other democratic parties was tried unsuccessfully in the 1930's. Certainly in Western Europe and in the politically developed countries Socialists and other organisations have few illusions as to what would be in store for them in the event of a Communist victory. But the new line has been planned for use in the under-developed countries and it is there that Communism now presents the free world with its most serious challenge.

HONGKONG RESETTLEMENT ESTATES SURVEY

By Christine David

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Concern for the people living in the Resettlement Estates had been felt for some time, and the riots of 1956, sparked off, as they were in Li Cheng Uk, and spreading rapidly to the other estates, focussed attention more keenly upon them. The question arose: "What were the major problems which the people living in these estates had to face?" Many suggestions were forthcoming from the various welfare organisations already working in these areas, but it was felt that still more data was needed if a firm basis were to be provided for any future action. The two bodies mainly interested were the Social Welfare Office of the Government and the Hongkong Council of Social Service. Following representations made to the Government, the latter agreed to finance a survey to collect information on the most pressing needs of the in-

habitants of three of the Resettlement Estates, and to provide a picture of their demographic, economic, and social structure.

The estates surveyed were Li Cheng Uk, Tai Hang Tung, and Shek Kip Mei. Together they cover an area of 54.7 acres, of which just less than half is occupied by buildings. At the end of May 1957, the total population of these estates was 120,000.

The Survey was undertaken in August 1957 under the auspices of the University of Hongkong* and the Hongkong

* Mr. E. F. Szczepanik, Senior Lecturer and Acting Head of the Department of Economics and Political Science, and Dr. W. F. Maunders, Lecturer in Statistics, supervised the planning of the Survey and the preparation of the Report which was submitted to the Social Welfare Office and the HK Council of Social Service in October 1957.

Council of Social Service, assisted by members of the Social Welfare Office. A stratified random sample representing 1.6% of the population of the three estates was selected.

In the 449 households (the term 'household' was used to cover all the persons living in the same accommodation whether or not they were related; the decision as to membership of the household in borderline cases was left to the person interviewed) which comprised the sample there were 2,044 persons. The average size of household was, therefore, 4.6, and the range varied in number from 1 to 11 persons. Regarding the composition of the household in terms of relationship to the head, nearly half were children, one-sixth were wives, a few were parents or parents-in-law, and still fewer were brothers, sisters, brothers or sisters-in-law, other specified relatives, or employees. This suggests that the 'narrow' as distinct from the 'extended' family is the typical household unit. The sample was almost equally divided between the sexes, although there were differences within the various age groups. In the younger age groups, particularly that from 5-10, there were more boys than girls, whilst in the 21-35 and the 51-80 age ranges females predominated. The 21-35 distribution is somewhat surprising and may possibly reflect the growing emancipation of women in China, or the better marriage market in Hongkong. The sample contained quite a number of widows. The birth-rate was 51 per 1,000, reflecting the fact that 42% of the females were between the ages of 16 and 45. Apart from those born in Hongkong—some 38% (mainly comprising children)—the majority came from yuens in Kwantung Province other than Canton and its river districts. 20% were born in the latter areas. 95% claimed Kwantung as their native place. 1% were reported as being natives of Hongkong. Of those not born in Hongkong, the largest group (17%) arrived in the Colony during 1949 and 1950.

Regarding the economic structure, it was found that 21% of those of employable age (i.e. those of 14 years of age and over—56% of the sample) were skilled or semi-skilled industrial workers; 7% were unskilled; 16% were service workers of one kind or another such as barbers, waiters, amahs, etc.; 10% were shop assistants, 6% unlicensed hawkers, 2% licensed hawkers, 8% construction workers, and the rest fell into such categories as proprietors of shops, clerical workers, technicians, and transport workers.

Questions of a specifically social character were asked only of those of 14 years of age and over. With regard to language, 80% spoke Cantonese only, 11% spoke Cantonese and one other dialect, such as Chiu Chau, Toi Shan, and Mandarin. 30%, mostly women, spoke only Chiu Chau. 82% had not visited Mainland China since 1951, 13% had made one visit, and 5% had made two or more; they were almost all undertaken for the purpose of visiting relatives. Only 5% claimed membership of a trade union; the majority of those of employable age maintained that they had no interest in them; or, that they were not necessary, whereas one or two said that it was better not to be a member. As for community consciousness, if it can be measured at all by membership of organisations of one sort or another, very little appears to exist on these estates: 92% said that they were not members of any organisation other than a trade union, 3% were members of a church, 2% were members of a clan, and 1% belonged to a Kai Fong or Works' club. When asked how they had spent their leisure time during the week prior to the interview, 32% maintained that they had no leisure time, 27% said that they spent it chatting, visiting relatives and friends, or in playing with their children, 21% had visited the cinema, whilst

19% had occupied themselves by listening to the radio or in reading the newspaper; playing cards, mahjong, swimming and watching football games were among the amusements enjoyed by the rest.

Now to the question: "What are the most pressing needs of the people living in the three estates?" According to Sir William Beveridge, the great Liberal, who, in 1942, produced what will, without a doubt, go down in history as one of the major corner-stones in the development of welfare in Great Britain—"Social Insurance and Allied Services"—on which much of the Labour Government's social programme was built after the war, it is the duty of every society to free itself from five major evils: Want, Ignorance, Disease, Squalor, and Idleness. What is the position, then, as regards these five evils with respect to the sample.

First "Want", the earnings per month of the majority group (44%) were found to lie between HK\$50 and HK\$100; or, if a monetary value is given of, say, HK\$40 to the food supplement which 30% of these receive, the range would increase for these 30% to between HK\$90 and HK\$140. 12% earn less than HK\$50 (less than half of these receive additional payments in kind). 6% earn over HK\$250. If supplementary work which is undertaken by 8% of those of employable age (largely by housewives in the form of out-work, working long hours for very small sums—chiefly sewing gloves), still the largest group falls into the HK\$50—HK\$100 bracket, representing 40% if those who also get free food are included without making any monetary addition for this payment in kind. Only 3% were found to have their income augmented in any way, usually in the form of remittances from the U.S.A. As for the incomes of the households as a whole, 27% (the largest group) have a total income per month of from HK\$101—HK\$150, 20% have less than HK\$100, and 17% from HK\$151—HK\$200, i.e. 64% have an income of below HK\$200. 35% of the households consisting of 6 or more persons have a total income per month of less than HK\$151. No wonder that 'money' was the first reply that the people made to the question "What welfare do you think is most urgently needed on the estates?" 22% reported the household to be in debt to relatives, friends, or clansmen for sums ranging from HK\$10 to HK\$1,000. 7% said that they had borrowed from money-lenders; loans which frequently carried an interest rate of from 16—20% p.a.

"Ignorance" is the second of the evils designated by Lord Beveridge. Let us take those of school age first (i.e. assuming 14 to be the school-leaving age), 46% of those between the ages of 5 and 14 attend school or informal classes, or receive private tuition. For 37% of these, the instruction lasts for 20 hours or less per week. As for those over 14, 13% of the males and 60% of the females are illiterate. 38% had entered but had not completed the primary grades. 15% had received a primary education, whilst 4% had passed through a secondary school. 5% had attended secondary school but had not finished the course. 1% had been to a university, but many of them had failed to complete the course. The Survey showed there to be only about 0.5% students i.e. those of 14 years of age and over who attend school full-time. Less than 1% attend evening classes.

"Disease", the third evil, really fell outside the scope of the Survey, since it was felt that any investigation into the question of health must be undertaken by medically trained personnel who were not available at the time of the Survey. However, three questions relating to the subject were included: (a) the type of medical authority consulted in times of illness, (b) the existence of disabilities, and (c) the average monthly expenditure on medical treatment. As

regards (a), 49% said that they attended a Government hospital or clinic in times of illness, 15% a charitable clinic, 14% a Chinese herbalist, 10% a private doctor, another 10% attended a variety of these. 3% of the households reported that they had had no sickness for several years. In the case of (b), 99% had no obvious disability such as blindness, deafness, and dumbness. As for (c), in the total expenditure of the households taken together medical expenses occupied 4%—a figure similar to that given in "The Cost of Living in Hongkong" (1956) by E. F. Szczepanik.

Turning next to the fourth evil—"Squalor", the Resettlement Blocks, in spite of the tremendous density of population, are very clean and free from unpleasant odours, which says much for the occupants and for the officers administering the estates.

Finally "Idleness". Of those of employable age in the sample 4% were unemployed. This on the face of it seems a very low figure, but such occupations as that of a casual street coolie, or an unlicensed hawker serve to conceal the real situation.

The question arises: to what extent are these evils being tackled? The last quarter of the Supplementary Questionnaire[†] designed specifically for use in the Resettlement Estates was devoted to the question of Relief, and the data collected covered the six-month period prior to the interview, namely from February 1st to July 31st 1957. From it was found that 11% had received food relief in the form either of one hot meal daily or of dry rations periodically from the Social Welfare Office, or parcels from other welfare agencies such as the Salvation Army, the Society for the Protection of Children, the Family Welfare Society, and the Lutheran World Service. Only two households said that they had received help from more than one agency. Further information was given to the effect that 2% of the sample had received gifts of clothing, 5% had received free medical treatment, whilst one or two households had been given money or a loan free of interest or had been served in some other way, such as receiving help in obtaining a hawker's licence. In all, a total of 16% said that they had received relief during the period specified. It must be remembered that this figure does

not include those households in which there are children attending classes run by welfare organisations, which in fact cover 37% of those receiving educational instruction.

From these figures it must be concluded that the number of households reached by the welfare agencies is very small indeed. The opinion expressed by many of the interviewers was that although many of the households which they visited were obviously in need, the people just did not know how to set about obtaining assistance. As for the final question in the Supplementary Questionnaire which required the households to name the service or services which they considered were most urgently needed on the estates, the interviewers reported that they had great difficulty in getting the concept over to them at all. It appeared that few had ever considered the possibility of an overall welfare service. Overlooking any interviewers' bias which may have influenced the response due to the need to prompt answers in many cases, the figures are as follows: 8% named free schooling, 4% food relief, 3% help in obtaining employment, 3% better housing, and 2% a free clinic. Various combinations of these were given by another 4%. 61% were unable to make any suggestion, and 8% said that they did not know. This same apparent lack of interest appeared in the answers to the question asked of those of 14 years of age and over—"Did they wish to attend any class of instruction?"—to which only 8% replied "Yes". These are simply instances of a situation so often met with in surveys of this kind, namely the difficulty people have in envisaging a possible future situation and responding to it in the present. Inertia is the typical reaction.

From this one can only infer that, apart from the evil of Squalor which has already been and is continuing to be tackled by the Government and other Housing bodies, and Disease which was outside the terms of reference of this Survey, the field is wide open for a concerted attack to be made in the Resettlement Estates so that there may be freedom from Want, Ignorance, and Idleness without which no society can hope to flourish.

[†] Two questionnaires were used for this Survey, the first was that designed for the Housing Survey at present being conducted by the Department of Economics and Political Science of the University of Hongkong.

JAPAN'S RADIO PRODUCTION AND EXPORTS

Japan's export of radio sets in fiscal 1956 (April 1, 1956—March 31, 1957) is estimated to have totaled 700,000 and valued at more than ¥2,300 million. The sales of Japanese radios abroad have increased tremendously during the past two years.

In the nine-month period from April to December last year, production amounted to ¥15,000 million which represented approximately 25 per cent of the total output of electrical communications equipment.

The recovery of the radio industry was the quickest among all the electrical communications equipment industries in the postwar period because of flourishing domestic demand. The prewar peak of 830,000 sets in 1940 was overtaken in 1948.

Demand for radio receivers increased sharply when private civilian broadcasts were started with the revision of the Broadcasting Law in 1951. Annual output of radios rose steadily and production in 1956 was boosted by the increase in exports.

Until 1953, Japanese radios were sold mostly to countries in the Far East and Southeast Asia but the value of their exports was insignificant. From the latter half of

1954 the number of foreign countries purchasing radio receivers from Japan rose gradually. With greater sales of portable radios to the United States and more markets, radio receiving sets came to account for half the export value of communications equipment.

Since production of radio receivers was controlled strictly during the war, there were only a few manufacturers. After the war, however, their number zoomed as the majority of wartime makers of electrical weapons and military wireless communications equipment converted to the manufacture of radio sets.

The improvement of radio programs through the importation of American broadcasting methods increased the interest of the people in the new programs. This interest of the people resulted in a flourishing demand for radio receivers which continued until 1949. Riding the crest of this prosperity, the radio industry was able to achieve a full recovery ahead of other industries.

In 1951 the laws regulating radio waves and broadcasts were revised, a step which resulted in the establishment of many new radio stations.

Since wartime "reconditioned national receivers" and high frequency or two-phase receivers were unable to

separate the radio waves effectively, a changeover to super-heterodyne type receivers became necessary.

Superheterodyne receivers account for roughly 80 per cent of all types of radio sets being produced in Japan today. The remainder are all-wave receivers and record players.

Radios have also diminished in size along with the development of miniature vacuum tubes. Tiny pocket-size radios were produced when transistors began to be put to practical use from 1955.

Transistor production techniques have shown a remarkable advance recently and their output will greatly increase in the near future. Much hope is pinned on their exports since costs have been declining steadily in parallel with improvements in production.

Radio manufacturers can be divided into the following categories:

- 1. Manufacturers who produce everything from parts to the finished products;
- 2. Manufacturers who produce some of the parts themselves but generally emphasize assembling; and
- 3. Manufacturers who specialize in assembling only and depend on other sources for vacuum tubes and parts.

It should be mentioned that large enterprises account for a considerable percentage of the total output.

Parts are purchased in large quantities not only by professional radio manufacturers but also by amateurs (who assemble their own sets) as well as general set owners who do their own minor repairing. In this sense, receivers have a wide market as compared with other industrial products.

Radio receiving sets in the prewar years were exported primarily to Korea, Manchuria and the Chinese continent. Their exports were not, however, on a sound economic basis since the markets were monopolized by the Japanese with the powerful backing of the military.

With the loss of these areas after the end of the war, an absolute vacuum was created in the export market. New markets had to be developed.

Exports remained negligible until 1953, however, because of the flourishing domestic demand. With the implementation of the deflationary policy in 1953, domestic demand became depressed and could no longer satisfy the expanded production capacity. Efforts were thus made to develop new markets abroad. As a result, the volume of exports by 1955 made a tremendous surge forward.

Up until 1954 principal export markets were the underdeveloped areas such as the Far East, Southeast Asia and the Near and Middle East. Most of the shipments to these areas were in sample quantities. In 1954, there were only about eight countries whose purchases exceeded one million yen a year.

Along with increased sales of portable radios to the United States in 1955, other markets were also expanded and the volume of exports rose spectacularly. In 1955, 212,000 sets were sold abroad valued at Y676 million which represented an astounding gain of 12 times over that of the previous year.

Exports to the United States totaled 120,000 sets, or 60 per cent of entire sales. In terms of money, they amounted to Y319 million, or 48 per cent of the total. Other countries were Thailand, which bought 7 per cent and Venezuela, 7 per cent. Hongkong, Indochina and South Africa followed.

The value of exports to other areas has also been rising gradually and the number of purchasing countries have grown to approximately 70. Over 30 countries now buy more than one million yen's worth of radio receivers from Japan annually. This trend, moreover, becomes stronger each month.

Eighty per cent of the radio receivers now sold to the United States consists of pocket-size portable sets, the

rest being super and all-wave types. Exports to the other areas are mostly super home radio sets, but some medium-size portable radios using miniature vacuum tubes are also sold.

Since export competition is fierce, possibility always exists of evil commercial practices, and the Ministry of International Trade and Industry, therefore, has provisionally applied the trade control ordinance on exports to the United States from January, 1957.

According to this ordinance, portable radios shipped to America will have to first pass Government inspection. The Ministry took this step in order to prevent price cutting and to preserve international confidence in radio sets manufactured in Japan.

From the latter half of 1956 popularity has shifted from portable radios using vacuum tubes to transistorized sets, which are smaller and more convenient to carry. They are gaining rapidly in popularity since consumption of batteries amounts to approximately one-tenth that of vacuum tubes. Moreover, they are vibration proof and have a longer life.

Exports of transistorized radios at present total about 30,000 to the United States and roughly the same number to Canada and Southeast Asia. Since inquiries continue to pour in, it is believed that transistors will completely replace vacuum tubes in the near future.

Production and Exports

(Unit: Y1,000)

	Production		Export
	No. of Sets	Amount	
1945	87,529	19,134	—
1946	648,202	330,611	—
1947	732,336	1,270,560	138,642
1948	807,398	2,982,548	7,208
1949	608,689	2,819,399	24,935
1950	289,267	1,749,713	32,333
1951	447,354	4,117,414	12,899
1952	1,087,489	9,504,756	22,599
1953	1,506,223	13,167,123	65,767
1954	1,394,055	10,883,452	55,214
1955	1,971,618	13,187,288	675,984
1956	2,388,720	14,624,885	1,676,331

Note: In fiscal 1956, both production and exports are for the months April to December.

THE REMOULDING OF CHINESE BOURGEOISIE

(Continued from Page 258)

set up a "political planning council." Li Wei-han's view is that this showed they were out to challenge the power of the CCP and share leadership with it. They wanted the democratic parties to be allowed to organise work among the industrialists, merchants and intellectuals. The Communist view is that with socialist transformation in 1956, the co-existence of the five components of economy gave way to the socialist economic monopoly. Capitalist ownership was in the main eliminated; capitalistic standpoint became a reactionary standpoint. The bourgeois elements and bourgeois intellectuals, having lost their original economic basis, have no alternative but to attach themselves to the socialist economy. Only thus can they conform with the new economic basis instead of clashing with it, said Li Wei-han.

JAPANESE PEOPLE'S LIVING CONDITIONS

People's livelihood in fiscal 1956 registered a comparative steady upward trend with per capita income continuing to increase, but there was a marked change in the nature of their spending. This was borne out in the latest white paper entitled "The State of People's Living in Fiscal 1956" issued by the Economic Planning Agency. The agency's survey showed that per capita income and the income of urban workers chalked up a 11.3 per cent and 7.9 per cent actual increase, respectively, over that of the past fiscal year. It noted, however, that farm household income scored a rise of only 1.5 per cent as last year's bumper crops were not big as that of the previous year and the earnings of those in agriculture-forestry fields, on the other hand, declined by 2.4 per cent from the effects of surplus labor.

The most conspicuous feature in people's livelihood was a marked change in the nature of general consumer spending. Residential expenses shot up by 15.6 per cent to account for 5.8 to 7 per cent of the household budget. Another notable trend was that while spending for necessities declined, outlays for luxuries associated with modern living showed an inclination to rise. The survey bore out that mode of living was undergoing a definite change, springing from desire on the part of people in general to achieve a common pattern of life.

The highlights of the EPA survey are as follows: National income in fiscal 1956 registered a 14 per cent increase over that of the previous fiscal year. The rate of per capita income rise lagged slightly behind this general economic growth with a figure of 11.3 per cent. But this, nevertheless, was the biggest rate of increase over the space of the past two years and meant an actual increase of 8.9 per cent per person.

People's attitude toward consumer spending continued to be sound, with desire for saving remaining strong. This meant that the rate of consumer spending increase was held down to 8.0 per cent and the per capita rise remained at only 5.2 per cent.

The white paper noted in this connection, however, that as consumer trend lags behind actual business activities, there was danger of the consumer trend continuing to rise despite enforcement of the tight-money policy with detrimental repercussions on the excess import situation. It felt that this factor had to be closely watched.

The income of urban workers nominally rose 9.7 per cent (actually 7.9 per cent) or about the same as last year. This was attributed to increased employment owing to business prosperity and longer working hours with the benefit going largely to comparatively low income earners. Viewed from specific earnings, however, it was revealed that the middle class strata generally benefited from the income rise, constituting a healthy trend.

The white paper said, however, that this did not necessarily all spring from an improvement in basic labor working conditions or business management and harbored the possibility of a decline with any business recession.

The elevation in people's consumer level has led greatly to altering the nature of consumer spending. In considering the rate of the consumer expenditure increase of urban dwellers in fiscal 1956, residential expenses ran to 15.6 per cent and clothing outlays, 9.7 per cent, which were high. In contrast to this, the rate of increase for staple foods and illumination and heating remained low, respectively, 1.9 and 2.8 per cent.

Under such circumstances, the ratio of expenditures for various items in the household budget as a whole underwent a change. Engel's coefficient (the ratio of food expenses against the total household outlay) dropped from 48.7 per cent in the previous year to 46.5 per cent.

While this was still shy of the prewar figure of 35.8 per cent, it was to be noted that the prewar survey of household expenditures was confined to households renting homes and rental outlays then loomed large. The margin between Engel's coefficient of prewar days and that of now actually has narrowed in considering that the rental ratio has become especially small from the fact that postwar surveys have included homeowners.

The character of livelihood in general had risen appreciably as compared to the prewar years for, aside from the drop in Engel's coefficient, consumer spending for modern living, such as transportation-communication, education-entertainment and health-sanitation, has increased parallel with greater purchase of better quality furniture and clothing.

The white paper said that a part of the farm households lying in close proximity to urban centers and those engaged in relatively lucrative kinds of agricultural work, such as fruit growing, had fallen in line with the city trend but that such improvement in farm households had not become a generality.

While eating standard increased by approximately 3 per cent from the aspect of the family budget, the fiscal year was marked with a comedown of the nutrition level. The figure for 2,155 calories, 64.2 grams of proteins for fiscal 1955 dropped to 2,139 calories, 62.2 grams of proteins. This is regarded attributable to such factors as modernization of living conditions, increase of working couples and consumption of canned goods along with greater acceptance of Western-style living. People also seemed to be giving less attention to dietary factors in preference for better clothes, more modern furnishings and recreation.

Better Clothing and More Appliances: In fiscal 1956, per capita consumption for clothing went up from the previous fiscal year's figure of 12.58 pounds to 14.35 pounds, registering an increase of 14 per cent. There was a marked increase in products made of wool and chemical and synthetic fibers, and this trend was expected to continue in the future. This was featured by a shift in buying to items of a luxury or fashion appeal from that of daily needs in the case of urban dwellers. Spending for personal effects, such as handbags, wristwatches, brooches and hats, increased.

Along with such a trend, people's pocketbooks reached out for more radios and other electric appliance. During fiscal 1956 alone, 730,000 washing machines were sold, and the rate of households possessing radio sets rose to one set per 11 households. More television sets and electric refrigerators gained acceptance in households. Consumption of electricity increased with greater use of electrical appliances. Demand for such fuels as oil and gas also rose in line with people's desire to better their homes.

The construction of 446,000 homes in fiscal 1956 improved the housing shortage faced by those capable of paying a rental of ¥4,000-¥5,000, but the housing problem of those less financially well-off continued to remain acute. Applicants seeking public-financed dwellings for rent ran close to 40 times the number of homes offered to the public on a lottery selection basis. In contrast to this, construction of hotels, department stores and office buildings went on at a fast pace.

Cultural and social outlays in the household budget, including such phases as transportation, communications, education and recreation, went up by 6 per cent for city dwellers and 3.4 per cent for rural residents. In fiscal 1956, the rate of hike in this phase of spending was greater for those of the lower income levels which was reversal of the past trend. There were more people purchasing commuter passes, reflecting an increase in employment.

THE OVERSEAS CHINESE IN JAPAN

By Wu Chang

(Manager, Bank of China, Tokyo)

The first Chinese to set foot in Japan is believed to be Hsu Foo who emigrated to Japan with five hundred boys and girls during the reign of Shih Huangti, the "First Emperor," in the 3rd century, B.C. more than two thousand years ago. After him, there have been many visitors from China to these islands, but it is only from the end of the Ming dynasty (early 17th century) that we can find records of Overseas Chinese who were engaged in trade in Japan. During the four-hundred-year period from the end of the Ming dynasty to the start of the Sino-Japanese War, the Overseas Chinese in Japan have contributed to the foreign trade of Japan, not only in channelling the exchange of materials between China and Japan, but also in assisting in the development of trade between Japan and the Americas as well as Southeast Asia. The Overseas Chinese in Japan thus have occupied an important position in the international trade of Japan. However, with the change of times, the influence of the Overseas Chinese on Japanese trade has declined to a considerable extent.

According to statistics published by the Ministry of Justice, the Overseas Chinese registered with the Japanese Government in 1947 numbered only 19,770 persons. This number, however, has been on the increase yearly; and according to the latest statistics, it has reached 44,560 persons up to the end of June of last year. These Overseas Chinese are scattered all over the Japanese islands, with the greatest numbers concentrated in big cities: Tokyo (12,930 persons); Hyogo Prefecture (8,470 persons, of which 95% are in Kobe); Osaka (6,062 persons); Kanagawa Prefecture (5,275 persons, of which 80% are in Yokohama); Fukuoka (1,206 persons); Kyoto (1,155 persons); Nagasaki (987 persons). The rest are spread out in smaller towns and cities.

The number of Overseas Chinese in Japan falls well short of that of Overseas Chinese in Southeast Asia and the Americas, due to several reasons. Firstly, the Japanese people themselves are a diligent race, and provide stiff competition to foreign labor. Secondly, before World War II, travel between China and Japan was free and easy, with no visa restrictions, so that most of the Chinese traders found it sufficient to make occasional business trips to Japan, without residing for long periods in this country. Lastly, many Overseas Chinese in Japan returned to China during and immediately after the last war, bringing down the number of the old Overseas Chinese left in Japan.

For easy distinction, the present-day Overseas Chinese in Japan can be classified into two categories, the old and the new. The old Overseas Chinese who came to Japan before the last war number about 19,000 persons; while those who came later number about 25,000 persons. Classification of the Overseas Chinese in Japan according to native provinces brings out the fact that the greatest number comes from Taiwan. According to statistics on Overseas Chinese registered with Chinese Consulates in Japan, of the total number of 37,735 persons registered, 17,376 persons (about 46%) are from Taiwan, 5,580 persons (15%) from Fukien, 5,263 persons (13%) from Kwangtung, 3,766 persons (10%) from Kiangsu, 2,508 persons from Chekiang, 1,600 persons from Shantung, and about 300 persons from other provinces. Those from Kwangtung are concentrated mainly in Yokohama and Kobe; and, together with those from the province of Fukien, they form the main body of the so-called "old Overseas Chinese."

Before the War, the Overseas Chinese in Japan were united by organizations such as the China Association, Trade Associations, etc. During the war, however, most of these organizations

have been broken up. After the war, under the guidance of the Chinese Mission in Japan, forty-three Overseas Chinese Associations were established in a like number of cities, and a general association of Overseas Chinese in Japan was established in Tokyo. These associations made valuable contributions immediately following the conclusion of the last war toward the distribution of supplies to Overseas Chinese, the handling of Overseas Chinese who wished to repatriate to China, as well as negotiations with the Japanese Government on behalf of the Overseas Chinese. At the present, beside these associations, there are also trade associations, and associations of Overseas Chinese who emigrated from the same native province, with the common objective of promoting good relations and mutual assistance among Overseas Chinese. Of these, the Overseas Chinese Importers & Exporters Association of Tokyo is organized by 137 member trading firms operating in Tokyo, Yokohama, Kobe, Osaka and Fukuoka.

The early Overseas Chinese traders in Japan were concentrated in Nagasaki. Following the opening of Japanese trade with foreign countries during the Meiji period, they gradually spread northward to Kobe, Osaka, Yokohama and Tokyo. Before the war, the main trades plied by the Overseas Chinese were trading and the so-called "Three-Knives" trades, which are those of the cook, the tailor and the barber: From the Meiji period up till the time of the outbreak of the Sino-Japanese War, the business passing through the hands of Overseas Chinese traders in Japan constituted a significant portion of Japan's overall international trade. The Overseas Chinese helped not only in directing trade toward the Chinese mainland, but also in promoting the trade with Southeast Asia, where they had connections with Overseas Chinese who came from their own provinces. At the time, even the Japanese Government stressed the importance of the Overseas Chinese in serving as the bridge for the development of Japanese trade with Southeast Asia. With the changing times, however, the trade activities of the Overseas Chinese in Japan have dropped to a pitifully low level, and cannot bear comparison with the prosperous former times.

The trades engaged in by the Overseas Chinese in Japan of today include foreign trade, restaurants, clothing, barber, movie houses, marine products, tea-rooms, pin-ball rooms, hotels, co-operatives, light industries, foodstuffs, etc. Among these, the business of the restaurants, pin-ball rooms, tea-rooms and entertainment business is the most active and profitable.

The trading business of Overseas Chinese before the war was very active; but since the start of the war, Japanese trade with China has been sharply controlled by the Japanese Government, dealing the Overseas Chinese a severe blow. During the first five or six years of the post-war period, quite a number of the Overseas Chinese traders still prospered due to the conditions then favoring allied nationals at a time when Japan was critically short of supplies and materials of all kinds. However, these favorable conditions have gradually disappeared. For the past seven years, foreign exchange and foreign trade controls have been steadily tightened. Furthermore, the Japanese merchants have made a fast come-back to offer vigorous competition to foreign traders here; and, coupled with the disadvantage of limited financial resources, the Overseas Chinese merchants have gradually lost the little ground gained during their short-lived period of affluence. At the present, some of the trading firms rely on trade with Overseas Chinese residing in Southeast Asia, while others make Taiwan their trading object. However, the volume of their trade is insignificant because of the limited amount of capital available.

In recent years, the so-called "Chinese Cuisine" is at the peak of its popularity, with restaurants serving Chinese food situated on almost every street and their signboards cropping up wherever one may rest the eye. According to the estimation of the Chinese Consulates at Osaka and Nagasaki, there are 535 Chinese restaurants operated by Overseas Chinese in their respective areas. But, by far the largest number of such restaurants are in Tokyo, where according to the estimation of The General Chinese Association in Japan, Tokyo, about 300 are operating at present. These, plus a good number operating in the Yokohama area, bring the total number of Chinese restaurants in Japan to over 1,500.

The clothing trade engaged in by Overseas Chinese includes dealers in woolen and silk materials and tailors. In the Osaka and Nagasaki areas, there are 125 such business firms, while even a greater number is operating in Tokyo and Yokohama.

Overseas Chinese engaged as barbers have decreased greatly in number since pre-war times. Except for a few still plying this trade in Kobe, Yokohama, and Nara, there are scarcely any to be found in other cities.

The Overseas Chinese retailer in Japan deals mostly in general merchandise, marine products and confectioneries. In pre-war days, a considerable amount of marine products was exported to the Chinese mainland; but with the loss of the mainland market, these shops have been restricted to local retail sales, mostly to Overseas Chinese here.

A few Overseas Chinese in Japan operate hotels; but these are nearly all Japanese style hotels on a small or medium scale.

Among the businesses engaged in by Overseas Chinese in Japan, the one providing the widest scope and the most profitable income is the recreational business which includes pin-ball rooms, nightclubs and tea-rooms. The pin-ball game is a post-war upstart in Japan, providing recreation to the ordinary people. Pin-ball rooms can be found on almost every street or in any side alley all over the nation. Because it provides hours of recreation at little cost, with the extra prospect of prizes to be won, it is indulged in every day by great numbers of common people. And, because of the good business realized daily, the operators of these establishments reap handsome profits from their investments. According to statistics compiled by the Japan Self-Governing Office and the National Tax Bureau, based on information gathered during October, 1954, there are over 19,000 pin-ball rooms in Japan, with a total yearly income of 1,500 billion Yen, which exceeds the total income earned during the same period by the thirteen leading department stores in Japan. And, according to a report published in the January 22, 1955 issue of Yomiuri Shimbun, 60% of this 1,500 billion Yen income from pin-ball rooms was earned by Overseas Chinese and Koreans residing in Japan, with the Overseas Chinese sharing the greater portion. Nightclubs operated by Overseas Chinese in big cities such as Tokyo, Kobe, Osaka, Yokohama are not few in number; and there are also a good number of tea-rooms (or cafes) operated by Overseas Chinese. As a whole, the recreational business of the Overseas Chinese is brisk with commensurate incomes.

The number of Overseas Chinese in Japan engaged in cultural enterprises is on the increase. There are more than ten movie houses established and operated by Overseas Chinese. This is a new and healthy type of business enterprise developed by the Overseas Chinese after the conclusion of the last war.

Investments made by Overseas Chinese in industry are quite few in number. In Japan, the Overseas Chinese are operating only small industries producing such commodities as underwear, bicycles, pharmaceuticals, sewing machines, toothpaste and printing materials. Aside from these, the only industrial enterprise engaged in by Overseas Chinese are twenty to thirty confectioneries.

In the financial field, there are about ten credit cooperatives organized by Overseas Chinese in Tokyo, Yokohama, Osaka and Kobe. Among these ten, there are in Osaka, Yokohama and Kobe three which are classified under the category of "Credit Bank & Credit Association" of the Japanese Financial System, and were licensed by the Ministry of Finance of the Japanese Government. They are authorized to receive deposits of official funds of Japanese government offices, and are under the protection and supervision of the Japanese Government. The total amount of deposits received by them fluctuates from 50 million Yen to 400-500 million Yen. They also handle various types of loans, and the scope of their business is extensive. They are, in effect, not much different from small banks. The rest of the financial organizations of Overseas Chinese in Japan are mostly cooperatives whose main objective is mutual assistance among participating members, and whose scope of business is limited.

Besides the businesses enumerated above, there are also a few Overseas Chinese firms engaged in the pharmaceutical, laundry, transportation and lumber businesses. Among these, the Nichidoku Yakuhin K.K. is a firm of considerable scope. They have more than ten branch offices in Japan, and are agents of the Schering Co. of West Germany. The firm is under capable management, and a plan is under way to establish with the cooperation of Schering a factory in Japan for the manufacture of Schering products.

According to a survey made by the Chinese Consulate General, Yokohama, the Overseas Chinese in Japan are engaged in over forty different kinds of businesses or professions. Excluding students and those with no profession, the largest number of Overseas Chinese are operating restaurants, with tailoring shops and merchants with small capital following. In the order of decreasing numbers are doctors, traders, workers, dealers in general merchandise, dealers specializing in foodstuffs, cooks, laundries, barbers, technical experts, farmers, hotel operators, teachers, textile workers, operators of entertainment establishments, manufacturers, chauffeurs, antique dealers, etc. Among these, there are over 200 doctors practising in big cities and small towns in Japan.

Although the economic conditions of the Overseas Chinese in Japan cannot be compared with that of Overseas Chinese residing in South-east Asia or the Americas, it is on the whole not too bad. The extremely wealthy may be a rarity among Overseas Chinese here, but there is no scarcity of prosperous ones. The value of real estate has been rising rapidly during recent years, and although there are no dependable statistics for reference, it is generally believed that investments made by Overseas Chinese in real estate in Japan amount to a considerable sum. It is regrettable, however, that the working capital of trading firms is limited, so that the turnover of operating funds is a recurrent and serious problem for the Overseas Chinese businessmen. To solve this difficulty, the businessmen would do well to strengthen their working capital; and where individual resources are limited, it is perhaps efficacious to emulate the current Japanese business trend of mergers of small firms. To rely entirely on loans to facilitate operation turnovers will merely increase the interest burden, making competition with others impossible, and perhaps even endangering the very sustenance of the business.

A significant contributing factor to the prosperity or decline of the economy of Overseas Chinese is the problem of their proper education. The standard of education of the Japanese is generally high. If the standard of education of Overseas Chinese in Japan is not raised accordingly to keep pace with the rapidly progressing world, they will be left behind; and, in the daily struggle for survival, they are certain to face stiffer competition and more difficult times in the days ahead, especially in Japan.

REPORTS FROM CHINA

GOVERNMENT REORGANIZATION—Peking announced on February 11 that Vice-Premier Chen Yi had been appointed concurrently Foreign Minister and Premier Chou En-lai relieved of his concurrent post as Foreign Minister. Other ministerial changes made were: Sha Chien-li, appointed Minister of Food and relieved of his post as Minister of Light Industry; Yang Yi-chen, appointed Minister of the Second Ministry of Commerce; Chao Erh-lu, appointed Minister of the First Ministry of Machine Building and relieved of his post as Minister of the Second Ministry of Machine Building; Ku Tso-yi, appointed Minister of Water Conservancy and Electric Power and relieved of his post as Minister of Water Conservancy; Yu Chiu-li, appointed Minister of the Petroleum Industry; Li Chu-chen, appointed Minister of Light Industry and relieved of his post as Minister of the Food Industry; Wang Shou-tao, appointed Minister of Communications; Chang Hsi-jo, appointed Chairman of the Commission for Cultural Relations with Foreign Countries and relieved of his post as Minister of Education; Yang Hsiu-teng, appointed Minister of Education and relieved of his post as Minister of Higher Education; Wang Ho-shou, relieved of his concurrent post as the Chairman of the National Construction Commission; Lai Chi-fa, relieved of his post as Minister of Building Materials Industry; Huang Chang, relieved of his concurrent post as Minister of the First Ministry of Machine Building; Liu Lan-po, relieved of his post as Minister of the Electric Power Industry; Li Chu-kuei, relieved of his post as Minister of the Petroleum Industry; and Wan Li, relieved of his post as Minister of City Construction.

Following merger, abolition or renewing of some ministries under the State Council had also been made: The National Construction Commission is abolished and its work is distributed among the State Planning Commission, the National Economic Commission and the Ministry of Building. The Ministry of Commerce is renamed the First Ministry of Commerce and the Ministry of City Services is renamed the Second Ministry of Commerce. The First Ministry of Machine Building, the Second Ministry of Machine Building and the Ministry of the Electrical Equipment Industry are merged into a new ministry called the First Ministry of Machine Building; and the Third Ministry of Machine Building is renamed the Second Ministry of Machine Building. The Ministry of Electric Power and the Ministry of Water Conservancy are merged into a new ministry called the Ministry of Water Conservancy and Electric Power. The Ministry of Building Materials Industry, the Ministry of Building and the Ministry of City Construction are merged into a new ministry called the Ministry of Building. The Ministry of Light Industry and the Ministry of the Food Industry are merged into a new ministry called the Ministry of Light Industry. The Ministry of Forestry and the Ministry of the Timber Industry are merged into a new ministry called the Ministry of Forestry. A new organisation, the Commission for Cultural Relations with Foreign Countries, is set up and the existing Bureau for Cultural Relations with Foreign Countries abolished. The Ministry of Higher Education are merged into a new ministry called the Ministry of Education.

GOVERNMENT EXPENDITURE IN 1957—Vice-Premier Li Hsien-nien, who is concurrently Minister of Finance, claimed that a balance of revenue over expenditure amounting to 1,106 million yuan was achieved last year. Both revenue and expenditure were ahead of their budgeted amounts. Li Hsien-nien gave last year's state revenue as 30,702 million yuan, 4.45% more than the budgeted target and expenditure as 30,549 million yuan, 3.93% more than the budgeted target. Summing up the lessons from the application of the 1957 state budget, Li said that incorrect

judgments had at one time been made on some individual problems in the financial and economic work in the winter of 1956 (such as on the question of over-spending in some respects in capital construction) as some temporary and local difficulties had arisen at that time. But the Chinese Communist Party immediately mobilised the masses in the increase-production-and-practise-economy campaign and the difficulties showed a marked turn for the better within a few months, he boasted.

1958 BUDGET—Li Hsien-nien said that estimated revenue and expenditure in the 1958 budget were balanced, each totalling 33,063 million yuan. The expenditure for economic construction, social services, culture and education would rise from 19,600 million yuan in 1957 to 22,440 million yuan and the expenditure for national defence and administration would drop from 7,830 million yuan in 1957 to 7,000 million yuan in 1958. The investment of 14,577 million yuan in capital construction is 17.8% above last year. State expenditure for agriculture would amount to 2,940 million yuan, or an increase of 40.78% over 1957, in addition to the big amount of farm loans and increased advance payments for the purchase of agricultural products by state commercial enterprises.

INDUSTRIAL PROJECTS—Work on 716 industrial construction projects will be started or continued this year, the National Economic Commission announced recently. Projects cover the metallurgical, electric power, fuel, machine-building, chemical, building materials, textile and light industries. Of these projects, 188 are expected to be completed this year. New production capacity added will be pig iron, 1.88 million tons; steel, 1.166 million tons; rolled steel, 762,000 tons; electric power generating capacity, more than 900,000 kilowatts; coal, 24.42 million tons; metallurgical equipment, 30,000 tons; mining equipment, 27,000 tons; heavy machine tools, 20,000 tons and ball bearings, 10 million sets. New production capacity of other industrial products to be added this year follows: synthetic ammonia, 47,000 tons; phosphate fertilisers, 548,000 tons; cement, 833,000 tons; timber transporting capacity, 4.88 million cubic metres; cotton yarn, 387,000 bales; cotton cloth, 110 million metres; machine-made paper, 204,000 tons; sugar, 345,000 tons and salt, 650,000 tons. Break-down of the construction projects to be started or continued this year follows:

(1) **Metallurgical industry:** a total of 71 projects, under either the central or local authorities. Major projects include the construction of the Paotow and Wuhan iron and steel complexes, expansion of the Anshan steel centre and a number of iron and steel plants in Taiyuan, Shihchingshan, Chungking, Kunming, Tayeh and Maanshan and copper ore mines in Anhwei, Kansu and Yunnan. 14 metallurgical enterprises to be built or expanded by the local authorities include medium and small iron and steel plants in Sinkiang, Kiangsu, Chekiang, Fukien, Kiangsi, Kwangtung and Kweichow.

(2) **Electric power industry:** 119 projects, including 76 steam power plants and 24 hydro-electric power stations. They include major steam power stations in Peking, Taiyuan, Paotow, Lanchow, Fushun, Loyang and Wuhan, and major hydro-electric power stations on rivers in Chekiang, Yunnan, Liaoning, Hunan, Szechwan, Hopei, Fukien, Kwangtung and Anhwei. Emphasis would be on hydro-power industry to be supplemented by steam-power.

(3) **Coal and petroleum industries:** 232 projects including coal mines and oil refineries.

(4) **Machine-building industry:** 79 projects. They include a heavy machinery plant in Fularki, a tractor plant

THE PAOKI-CHENG TU RAILWAY

Through traffic is now in full flow on China's new Paoki-Chengtu Railway. The southern section had been in full operation for a year or so and part of it was working since 1953 within Szechuan province itself. By the end of 1956 a total of more than 2,850,000 tons of goods had been handled by the railway, which was of immense help to industrial and agricultural production as well as to construction projects in the mountainous areas. In the course of 1957 over 2,000,000 tons of goods had been handled by the end of November. Thus the line manifested its great potentiality while only temporary services were available. Now, says a Chengtu despatch, people watch speeding trains loaded with passengers, machinery, food-grains and native and special products travelling along the line daily. A total of seven passenger and freight trains are sent out each way from Chengtu and Paoki every day, taking more than 3,000 passengers and over 9,000 tons of cargo. In 1957 alone the railway has handled over 910,000 tons of building materials for the State, a record no other railway has surpassed. The materials were needed for the Szechuan-Kweichow Railway and the Neikiang-Kunming Railway and were delivered direct to the construction sites. Over half of the petrol needed in Szechuan was brought in by the Paoki-Chengtu Railway which also conveyed machinery and equipment to the extent of scores of thousands of tons every month. When a shipment of machinery for the thermo-power generating plant of Chengtu from the Soviet Union for installation before the end of the current year arrived in October, it was found difficult to send it, as the largest piece weighed 60 tons, through the rivers of Szechuan. The railway department took the measurements of the machinery and, when they found it could pass through the tunnels of the Paoki-Chengtu railway with ample room to spare, a large number of flat cars were sent to Paoki and in three days the machinery was brought to Chengtu.

The exchange of commodities via the railway reached large proportions. The famous and fertile Szechuan Basin was able to send out only 30,000 to 50,000 tons of food-grains yearly directly to the North-west, owing to lack of transport facilities in the past. Then most of the grain for the North-west had to travel through half of China—first by way of the rivers of Szechuan, then by the Peking-Hankow railway and finally by the Lung hai Railway. Since it was opened to traffic, the Paoki-Chengtu line alone has sent out over 640,000 tons of food-grains in 1957. Live hogs from Szechuan also take the trains for their last journey—to Peking. The southbound freight trains bring

into various parts of the Southwest an average of 500 tons of consumer goods, fertilisers, and farm implements daily.

The opening of the railway has led to a re-routing of the flow of merchandise within Szechuan, and over 800 trucks that had been plying on the Szechuan-Shensi Highway have now been transferred to operate on the Chengtu-Apa, Szechuan-Tibet, and Szechuan-Yunnan Highways as well as on the construction sites of the Sanmen Gorge and the Tungchuan coalmine.

A communications network centred around the trunk railway line is being developed in the northern parts of Szechuan and the southern parts of Shensi. In the mountainous Mienyang district of north Szechuan there are now over 70 highways and paths for animal carts with a total length of 1,100 miles. In 1955 there were over 1,000 million catties of food grains in the Mienyang district which could not be moved to other places. Transport costs were usually higher than the cost of the rice and other grains themselves if delivered from Chingchuan and Pingwu county to nearby municipalities. When the tracks of the northern and southern sections of the railway were linked in July of 1955, nearly 700 million catties of food grains were brought out from these areas alone.

The Mienyang district is also a large source of herb medicine products, and over 400 kinds are produced there, and now that the railway is available most of these herb medicines are being sent out. Fibre plants, instead of being used as fuel by the peasants, are exported as industrial raw materials. Thousands of tons of these fibre plants were bought in the Mienyang district alone. In return trains also brought in farm implements, fertilisers, commodities for livelihood and pharmaceuticals. Huohsien, encircled by high mountains, has had to supply but in 1955 the railway brought in 900 tons of production materials. The variety of goods sold by the co-operatives to the peasants also rose and though the two retail departments were increased by four new ones, they were still inadequate. The railway also greatly reduced the prices of industrial products and agricultural produce in the mountainous parts.

An editorial in the Peking People's Daily, hailing the opening of through traffic on the railway, recalled that the poor roads and formidable territory had often brought army generals to a halt, while many poets had sighed in despair over the impassable mountains and precipitous cliffs. The Chinling mountains still lie across the area separating North-west and South-west. But now the ranges have been conquered by the railway. The building of the railway was attended with innumerable difficulties. About 80 per cent of it had to cut its way through the three ranges: Chinling, Tapa, and Chienmen mountains. Some of them are seismic areas of sixth or seventh grade. The geological conditions are very complicated. There are tokens of the presence of prehistoric glaciers, faults of varying sizes, and areas of constant landslides and caving-in. Because of heavy rainfall in these areas, the subterranean water, loose soil and erosion have likewise brought about many difficulties to the railway designers and builders. To build a railway across high peaks and torrential rivers in an area regarded as "a complete exhibition of all geological conditions" cannot succeed without manifesting the spirit of "Yu Kung's Moving of Mountains."

Of course the paper attributes much of all this to the Communist Party leadership, but it admits the assistance

and a mining machinery plant in Loyang, ball bearing plants in Harbin and Loyang, an oil drilling equipment plant in Lanchow and electric power equipment plants in the cities of Harbin, Sian and Siangtan.

(5) **Chemical industry:** 42 projects, including 17 chemical fertiliser plants. The chemical fertiliser plants include construction of nitrogenous fertiliser plants in Lanchow, Taiyuan and Kirin, and expansion of nitrogenous fertiliser plants in Nanking and Dairen. Chemical fertiliser plants to be undertaken by local authorities include nitrogenous fertiliser plants in Szechwan and Chekiang and nitro-lime fertiliser plants in Fukien and Kiangsi.

(6) **Building materials industry:** 44 projects, including 10 cement plants and 23 timber processing enterprises.

(7) **Light industry:** 92 projects, including 15 cotton, dyeing and printing mills, 23 paper mills, 12 sugar refineries and 10 salt fields.

of Soviet experts and the support of the people of the whole country as well as the railway builders and technicians, who toiled for more than five years amidst hardships and finally "wrote in the world history of railway engineering a rare and miraculous chapter" with the Paoki-Chengtu Railway. This railway of about 450 miles has over 300 tunnels and 900 bridges; and over 60 million cubic metres of earthen and stone work were required for the road bed. It proves, says the party organ, that the Chinese working-class, given Communist leadership, are an invincible force before whom mountains have to bow and rivers give way. Presumably the railway was one of the major factors in the fact that Szechuan sent 5,900 million catties of food grains to other parts of the country in 1957, and that with a week or two still to run the total would exceed 6,000 m. The figure is the highest on record. But it must have been a lot more costly to send some of this grain all the way to Heilungkiang and to the Karamai oilfield and the Tsaidam

basin. But last year it was not cost that mattered so much as the necessity of replenishing supplies in view of the many areas of disaster all over the country.

The completion of the 500-mile Yingtian-Amoy Railway, the first line ever built in Fukien, has made it possible to build a completely new system of transport and communications in this province, using newly constructed or improved waterways and highways. The railway now links up with 68 highways and inland waterways, navigable to steamers, making a total of 1,300 miles. Through passenger trains will run between Amoy and Nanchang in Kiangsi, and between Nanping and Shanghai. The line has no fewer than 47 tunnels, 159 bridges, over 1,600 culverts and two embankments of five kilometres in total length across the Amoy Straits linking the mainland with Amoy Island. It was hardly less difficult to build than the Paoki-Chengtu Railway.

PHILIPPINE GOVERNMENT IN BUSINESS

By Santiago F. de la Cruz

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Functions of Government may be classified into primary functions—such as protection from foreign invasion and maintenance of domestic peace and order—and secondary functions which are economic in nature—such as regulation of industry and provision for social security. These economic activities of Government may also be divided into three primary groups, namely:

- (1) Those that are promotional, such as the application of tariffs, social security and insurance; (2) Those that are regulatory in character, such as the licensing of imports, exports and exchange remittances, approval of rates and practices of public utilities, price control, licensing of professions, etc., and (3) Those that are restrictive or prohibitory.

In its broader aspect, however, Government interference or control of industry may be classified according to the interests of consumers, workers, investors and the general public. When a price control law is enacted, the Government has in mind the protection of consumers. Factory laws, social security and minimum wage laws are specific instances of Governmental interference with conditions of labor. For the protection of investors or the investing public, we have the Securities & Exchange Commission, the Patent Office, the Bureau of Commerce and other government agencies. For the protection of the general public, we have miscellaneous statutes that are regulatory in character. Our immigration laws, our own Constitution which restricts to Filipino nationals the exploitation, development, utilization and disposition of our natural resources, are specific instances of governmental regulation for the interest of the general public.

Governmental interference in industry is a highly controversial feature of our economy. The Philippine economy today is regarded as a mixed economy of compromise between free enterprise and governmental operation. This fact is better illustrated by the existence of a medley of Government owned and controlled corporations engaged in business amidst the operations of private business firms under a regime of free enterprise. In other words, we now experience the difficulty of having some industries free of government control, other

industries under strict government control and operation, and still others under direct government ownership or operation, or both.

A pertinent question to ask is: If our economy is to be publicly planned and supervised, or perhaps operated or regulated by governmental agencies, how can such an economic order be kept free of the political influence of large pressure groups?

It might be of interest to point out, in this connection, that the National Marketing Corporation, NAMARCO for short, is the off-shoot of a 10-year period of Government experience in the field of price and commodity control, procurement and distribution of goods to promote the social and economic welfare of the nation. It is the successor to such alphabetical government-controlled instrumentalities as the ECA, the PRRA, the PRATRA and the PRISCO. These agencies were originally dedicated to the task of rehabilitation and reconstruction. In the process of the implementation of these government aims and objectives, it has eventually transcended into an organization primarily dedicated to the task of assisting Filipino retailers and businessmen by supplying them with merchantable goods at prices that will enable them to compete successfully in the open market so that they may have greater participation in the distribution system of our economy. To implement this task, the NAMARCO is authorized to:

- (a) Procure and buy commodities for distribution at reasonable prices to Filipino retailers and businessmen in order to promote their greater participation in the distribution system of the national economy; (b) Stabilize the prices of commodities in short supply by supplying commodities to the general public at fair prices through Filipino businessmen; (c) Formulate policies and procedures with respect to the use and acceptance of eligible evidence of indebtedness in the sale of commodities on credit to Filipino retailers and businessmen in accordance with established business practices; and (d) Establish and operate distribution offices and agencies and/or to enter into contracts with wholesale business throughout the Philippines for the purchase and distribution of essential commodities.

IMPORT POLICIES AND DISTRIBUTION PROCEDURES OF THE NAMARCO

By Benjamin F. Estrella

(General Manager, NAMARCO, Manila)

The NAMARCO (National Marketing Corporation) was organized in pursuance to the national policy of assisting Filipino retailers and businessmen by supplying them with merchantable goods at prices that will enable them to compete in the open market. The purpose is to draw greater participation of our people in the distribution system in the economy. For this reason, the NAMARCO is engaged in the activities of procurement and distributing merchantable goods to Filipino retailers and businessmen. NAMARCO is expected to render an essential public service in order to promote the social and economic welfare of the nation.

To carry out effectively this policy, the NAMARCO has to achieve the following objectives, namely: to stabilize prices and to assist Filipino retailers by procuring and buying commodities for distribution at reasonable prices through these retailers.

In implementing its objectives, the NAMARCO has evolved systems and procedures on importation and distribution. Before the beginning of each fiscal year, the NAMARCO convenes all its distributors for a general conference in order to discuss their mutual problems and to determine the needs of every municipality. A survey report is accomplished by all the retailers and distributors, indicating the commodities that are much in demand in their respective localities. The individual reports are consolidated in the Central Office and the consolidated report becomes the basis of the importation program of the NAMARCO. In addition to the survey report of the NAMARCO distributors, the Corporation also gathers pertinent data from the Central Bank, Bureau of Commerce and from private firms as well as from actual canvass of the needed commodities in the open market. This yearly program is submitted to the Board for approval after having been jointly studied and prepared by the Board and the Management Committee on Procurement. The importation program is divided into different phases in accordance with the classification of the Central Bank as well as the dollar allocations made available for the NAMARCO.

During the fiscal year just ended, the NAMARCO imported foodstuffs classified as highly essential, essential, non-essential, decontrolled, and unclassified items. As soon as the quantity and total value of the items are determined and approved by the Board of Directors, the Management takes immediate steps to implement the same by calling public bids for the importation of approved items. Invariably, the procurement of imported commodities is done through public bidding, in spite of the fact that NAMARCO is allowed to negotiate for the importation of items which are handled by exclusive distributors in the Philippines.

Criteria for individual procurement are demand for each item, price and quality. All things being equal, the NAMARCO always gives preference to Filipino indentors. However, the Flag Law is not being followed because under Section 1 thereof, it provides that said law is only applicable to immediate and direct use and consumption of the requisitioning office and does not, therefore, include purchases for resale which the NAMARCO is extensively undertaking. Once the award is made, a contract is prepared and letters of credit are opened in accordance with the contract. After being notified of the shipment, the NAMARCO starts preparing its program of allocation.

The distribution system of the NAMARCO is based on definite rules and regulations promulgated under Administrative Order No. 44-A. In this system of distribution, the NAMARCO has appointed provincial and city distributors who are established Filipino businessmen in the wholesale trade in their respective communities and duly recognized Facomas certified by the ACCFA. To be a NAMARCO distributor, one must have 100 per cent Filipino capital. If the applicant is a partnership or corporation, it must first be registered with the Securities and Exchange Commission. The applicant is checked up as to whether he is financially sound and of good credit standing in the community. He should also have adequate distribution facilities, as evidenced among others, by an accessible permanent establishment and adequate trucking facilities. A prospective applicant should be reliable and competent in the distribution of applicable goods.

In the future, the NAMARCO plans to appoint regional distributors in charge of geographical regions in the Philippines comprising of several provinces. These regional distributors should take charge of getting NAMARCO goods and distributing them to provincial and city distributors.

Directly under the supervision of provincial and city distributors are retailers. To qualify as a retailer, one must be either an individual retailer, a consumer cooperative or duly recognized Facoma certified by the ACCFA. As a retailer, the applicant must have 100 per cent Filipino capital; be actively engaged in retailing or in the business or selling commodities to the general public. The retailers are grouped into classes from Class A-1, Class A to Class B, based on the following criteria: gross sale, 20 points; gross purchases, 20 points; merchandise inventory, 10 points; capital investment, 10 points; size, location, facilities, display, equipment, general appearance, 20 points; and general business experience, 20 points. The ratings are determined by the provincial or city distributor with whom the applicant has filed his application. Each point represents a one thousand peso investment or worth of the merchandise inventory.

The NAMARCO handles the allocation for two groups, one for Luzon area and the other group for Visayan and Mindanao areas. The Central Office takes care of the allocation for the Luzon area, and of three special provinces in the Visayan which do not have direct shipping routes from Cebu, while the rest of the Visayan and Mindanao provinces are being served by the NAMARCO Cebu Depot. The present policy of the NAMARCO in distributing commodities to distributors is based on the population of the area. Each distributor is required to have at least 20 retailers to be served by him. The NAMARCO is at present serving 347 distributors and 24,000 retailers. There are many applications for distributorship pending.

NAMARCO is not competing with private interests. It is admitted that there will be a conflict of interest between the activities of NAMARCO and those of private enterprises because the former, being tax-exempt, will be in a competitive position to undersell any importer or businessmen importing similar commodities being procured by NAMARCO from abroad. Importation of goods are only made of such commodities to fill the deficiency of local production. Total importation of the NAMARCO is only 10 per cent of the average total Philippine

ROAD DEVELOPMENT IN MALAYA

In Kuantan, on the East Coast of Malaya, better known for its beaches than its business, a group of Chinese businessmen two years ago opened a new hotel in conjunction with a cinema. As hotels go, it was hardly spectacular, but with 30 rooms it was and is by far the largest hotel within 150 miles. Today the hotel is doing a roaring business, there is a steady flow of visitors reflected in the air conditioning of several rooms and a solid restaurant trade. There would be no point to this story except that five years ago the businessmen, if they had been so foolish as to open a hotel at that time, would have lost their capital. And so would the owners of the three other hotels in the town, the directors of the banks that have opened offices and the proprietors of the other businesses that are flourishing.

Kuantan, in fact, is today a boom town. Not the wide open boom town of the American Middle West but a town that is going places and may soon rank among those of first importance in Malaya today. The key to Kuantan's prosperity and much of the growing optimism about progress on the undeveloped East Coast is a new highway, 29 miles long, which slices almost contemptuously through some of the worst jungle and swamp country in the world. It was made possible by a grant of M\$30 millions by the British Government and the tenacity and skill of British and Malayan engineers, technicians and labourers who for three years carved it out of the jungle. It is a development scheme that has paid off handsomely and the M\$30 millions which the British Government granted to the Malayan Government must have been repaid already in the reduction of transport costs and in speeding the development of coastal areas which for many years lagged behind the rest of the country.

North to south Malaya has always been served well by an excellent road, slowly being improved to 50 miles an hour standards, but east to west across the country through the Federal capital of Kuala Lumpur the roadmakers faced tremendous difficulties as they wound the highways in the very early days of motoring through the mountain passes. Largely on this road, before and after the war, depended the development of over 200 miles of the populated East Coast, mostly without the rubber estates and tin mines that have brought prosperity to the West Coast. The only other link for goods traffic was by rail to the North, along a line which was smashed by the Japanese during the occupation

importation and 90 per cent is still in the control of private businessmen.

Importation by the NAMARCO of onions and garlic are made only on the basis of a certification from the Special Board created under Republic Act No. 1296 that there is a deficiency of the local production of these items. Only then is the NAMARCO authorized to fill the deficiency by importing what is required to fill the total needs for the fiscal year. In calling for public bids to import onions and garlic, Filipino indentors are always given preference in the award if the offers are just as low as the lowest Chinese bidders. In setting up the price level for NAMARCO commodities, surveys are made to determine the prevailing market prices. Selling prices just enough to stabilize the equilibrium of the prices being fixed by private businessmen are maintained.

The NAMARCO is not here to stay. In a few years it shall be abolished and replaced by a group of progressive, active and responsible Filipino businessmen who can stand on their own against the competition of Chinese merchants. We shall then be living in the midst of economic prosperity and the Filipino businessmen will have eventually control of the distribution system of the Philippines.

and not re-opened until 1954, and by sea. The military planners, however, saw another significance. The road was inadequate for defending the long, vulnerable coastline which was chosen by the Japanese for their initial attack at the beginning of the war.

A glance at the map showed what could be done. A 29-mile cut through the jungle by-passed 68 miles of the worst section of the route and brought the traffic onto roads which could be much easier developed to take heavy traffic. But the cost was heavy and a great deal of earth moving machinery was essential. To make matters even worse, when the engineers took a second look at it the communist terrorist campaign had started and the area through which the new road had to be driven was the centre of violence.

The British Government grant was followed by intensive preliminary activity. Before the war engineers had marked out a trace for the road and a start had actually been made using bulldozers and earth moving machinery which had the priority job of cutting the first trace. As the Japanese advanced down Malaya the Public Works force was hurriedly evacuated. Nothing was done during the Japanese occupation and at the end of the war a quick look at the site showed that the original marks were overgrown. The job had to be done all over again. A major snag at first was getting the earth moving machinery, without which the road could not be built. The American Government solved the problem by providing bulldozers and earth removers, under an aid programme, which were teamed with British machines. Malayans who had never handled heavy machinery before, quickly became adept at working some of the giant bulldozers used on the task.

In 1952 the work began. Tough, mud-slicked bulldozers spearheaded the column of machinery, topping 200-foot jungle trees and then trusting them aside. Graders and other earth movers followed, building the banks and disposing of the debris. Tough as the machinery was, it was tested to the full. There were many breakdowns until special snags which developed were dealt with. As the engineers, technicians and labourers moved forward, police patrols went with them and Communist attacks included the murdering of an overseer. It did not stop the road. When it was finished, the highway at no point had a gradient steeper than one in 15. It was opened two years ago but the real story is not so much in the road but in what it has done.

The road has opened a huge area for logging which is one of the major items in the Government's revenue on the East Coast. And the jungle through which it cuts has hitherto unsuspected potentialities for the land is the rich, red volcanic soil which is ideal for cocoa growing, the new agricultural crop in Malaya which is expected to become an important secondary industry. Thousands of acres of poorer land will be developed for rubber, a crop which does not require exceptionally good quality soil. Tiny villages and settlements have already grown up along the roadside. This is the benefit that can be seen. But 150 miles away, in Kuala Trengganu, where fishermen haul their gaily painted boats up the dazzling white beaches, the effect is being felt as well. It has opened up new prospects and soon these may include the use of co-operative associations to transport fish quickly and easily now that the road is open to the West Coast towns. Not only Kuantan has felt the benefit; it has reached men who may never have a need to travel along it themselves. Its real name is the Maran Road, but there is little wonder that on the East Coast they just call it "The Road."

MALAYA'S RACE PROBLEM

The tenth independent member of the British Commonwealth is the most racially complex country in the world. Although the Federation of Malaya is no larger than New York State or England without Wales, the population comprises people of no fewer than twelve different stocks—Malays, Chinese of many tribes mostly from the south, Tamils, Telegus, Malayalis, Sikhs, Sinhalese, Eurasians, Europeans, Siamese, Indonesians and aborigines. To understand why so many peoples have made this small but rich country their home it is necessary to glance briefly into history.

The Malays, who number about three million, have by far the longest recorded association with the country, the aborigines excepted, and they are of course the real sons of the soil. As the aborigines, of whom there are several varieties, are jungle-dwelling Stone Age people, they take no part in the development of the country although one has been nominated to the Federal Legislative Council. The next race to reach Malaya in any large numbers were Indians from the Coromandel Coast, whose residence in north-west Malaya a thousand years or more ago has left indelible cultural and linguistic traces.

At a later date less than 400 years ago, small numbers of Chinese arrived in Malaya and started to mine tin. Occasional European adventurers reached the shores of what Ptolemy termed "The Golden Chersonese" but it was not until the Portuguese conquest of Malacca in 1511 that a lasting, and fateful, European element was introduced.

Proper immigration of Chinese, Indians and Sinhalese on any scale is comparatively recent. Hardships in the homeland and the rumoured better life in the Malay peninsula caused thousands of impoverished southern Chinese to try their luck in Malaya at the end of the last century and the beginning of this. Similarly, the opening up of great rubber estates of Malaya during the same period attracted to the country thousands of south Indians, mainly Tamils, in the hope of better economic conditions. For long most of these immigrants regarded Malaya just as a place to make money before returning to their native countries; but gradually many adopted Malaya, without asking the Malays, as their own land, brought their womenfolk and stayed.

The British connection with Malaya began in 1786 when the island of Penang was leased to the East India Company; but it was not until 1874 that there was direct British influence on the development of the Malay States. Since then many thousands of British men have made their careers in rubber, tin and the Malayan Government services. Because of the nearness of Sumatra—a mere hundred miles from Penang—Indonesian immi-

gration, though not in large numbers in recent centuries, has inevitably occurred. Again, because of the absence of a natural frontier barrier between Malaya and Thailand, many Siamese are to be found living on the Malayan side of the border. Prominent among the Eurasians of Malaya are the Malacca Portuguese and "de Souzas" and "Pereiras" are to be found in many walks of life.

The Malay by tradition and inclination is a country dweller and most of the country's agriculture is in his hands. Many Malays are padi planters or smallholders raising other crops. While the Malays play no great part in the Malayan rubber estate industry there are many thousands of Malay rubber smallholders. Most of the fishermen too are Malays. Upper class and educated Malays tend to be found mainly in the country's administration and as professional men.

The Chinese, with their strong trading instinct tend to dominate the towns and most of the country's industries are Chinese-owned. Nevertheless, Chinese are to be found in every conceivable enterprise in Malaya and without their energy and hard work the development of the country, for their benefit and for the benefit of other alien races, would have been less rapid. But it would have been better for the Malays if "development" had been slower.

Tamils and other south Indians form a large proportion of the labour force of the rubber estates; but Indians are engaged in many other occupations, ranging from medicine to railways.

Although there are as many languages in use in Malaya as there are ethnic groups, the national language is Malay but for years to come English will continue to be used. The lingua franca is "Bazaar Malay", a simple, hybrid tongue understood by most of the population. While differences of religion and custom have prevented large-scale inter-marriage of Malaya's races, there has generally been a friendly tolerance of the "foreign" neighbour. But this tolerance is not going to last unless the rights of the Malays are fully respected.

The Prime Minister, Tengku (Prince) Abdul Rahman, and his Government put the emphasis strongly on active inter-racial co-operation in the interests of the country as a whole. Each group has much to lose by inter-communal troubles and for this, if for no higher reason, it is hoped that Malaya will demonstrate in the years to come that people of different origins, languages and cultures may combine to maintain and increase the prosperity and harmony of their common homeland. That the rightful owners of the land are and will be the Malays, must be borne in mind by all alien people who make a living in "Tanah Melayu."

HONGKONG GOVERNMENT REPORTS

BUILDING DEVELOPMENT

1956/57 was another year of great activity in private building and the large number of applications by property owners to the Tenancy Tribunal for recommendations that old buildings be excluded from the provisions of the Landlord and Tenant Ordinance was an indication of the incentive to re-build. This has been quickened by the upward surge in land values, which can be realized only by re-development. Thus, many buildings which had outlived their usefulness or had become outmoded were demolished. But all re-development was not confined to old buildings. In some cases even buildings put up since the war, regarded by their owners as no longer repre-

senting adequate development of the land at present day values, disappeared in favour of a fuller development of such sites.

In the course of the year 84 sites involving 230 buildings were re-developed. \$4,604,760 in compensation was awarded to tenants about to be dispossessed. There were also some instances of leases in new buildings being agreed at rents below the market level as a measure of compensation. This was the first full financial year since the award of compensation under the Landlord and Tenant Ordinance in such cases was clarified by the amending legislation of 1955. In order to put it in its proper perspective the amount of compensation should be viewed in relation to the enhanced value of land arising from the facility to re-build. In general a controlled tenant feels that he has

been sitting on his landlord's investment while it appreciates and that, whatever rental advantage he may have been enjoying, he is entitled to a share whenever his move enables that investment to hatch out in full measure, faced as he is with the expense of obtaining other accommodation.

While the amount of new building work was large it was also very varied, but there was a swing from the row upon row of domestic type tenement buildings, long an important feature of private building development, to the so-called skyscraper apartment blocks of medium-sized or small Western-style flats. The tendency for new buildings to go higher accentuates the importance and value of ground floors, limited as they are to the confines of a site, wherever these are in demand for shops.

The cost of private building work during the year ended March 1957 amounted to \$155,936,735, bringing the total of these figures since 1950 to \$826,522,538. As these figures are compiled from returns which generally are received after varying periods of time from the completion of the building work, the details are sometimes compiled in the year building is finished while others are entered up the following year. As a rule such variations balance out fairly well, but in the case of large buildings that take a long time to complete, compilation of cost some time afterwards can produce a distorted effect in relation to the year by year totals—one year is inflated while another does not get its fair share. But in the aggregate the figures are correct and to apportion the cost to the actual periods of construction would be troublesome and not really worth while. The total of \$826,522,538 does not include the New Territories, except for New Kowloon. This private investment in new buildings, which includes expenditure on site formation but not the value of the land developed, has been distributed over the last seven years as follows: Hongkong Island, 55% (Victoria 28%, Outside Victoria 27%); Kowloon & New Kowloon, 45%. The expenditure during 1955/57 was almost equally divided between the Island and Kowloon including New Kowloon. A year ago Kowloon's share of six years' expenditure was 43%. Now it has risen to 45%. These figures do not include hotels, schools, factories nor of domestic buildings not of a permanent character. All government premises including the large resettlement blocks are excluded.

The ever increasing progress in building and construction works in the Colony was again reflected in the quantity of sand demanded, which reached a record volume of more than half a million cubic yards. The total revenue derived from the sale of sand was \$5,795,918 compared with \$4,877,884 in 1955/56.

At the end of the year there was a slight increase in the number of empty floors in new buildings ready for occupation. It was 1,192 floors, compared with just under a thousand a year before. The total is comparatively small in relation to the extensive programme of private building work and some lag is to be expected between the completion of building work and all the occupants moving in. Sometimes accommodation is booked well ahead of completion or even starting to build but otherwise developers require time to arrange lettings or sales when the building is ready.

Valuation was made of tenements in Hongkong and Kowloon. Following are details with corresponding figures of previous years:

District	1.4.41	1.4.50	1.4.52	1.4.57
	\$	\$	\$	\$
City of Victoria ..	24,912,338	68,089,130	84,279,693	128,978,287
Outside Victoria ..	4,919,626	17,815,382	27,973,203	56,534,195
Kowloon	10,968,154	37,959,635	49,063,223	98,770,230
New Kowloon	3,415,185	12,637,325	21,478,287	43,511,815
Total	44,215,303	136,501,772	182,794,406	327,794,527

In the New Territories rates at present are levied only in that portion which is adjacent to Castle Peak Road extending

from the northern boundary of New Kowloon at Laichikok to Castle Peak. The Valuation List for this area came into force on 1st April, 1956. There was little change during the year in the total rateable value and at 31st March, 1957 it stood at \$7,908,395 compared with \$7,925,835 at the beginning of the year.

Except for the New Territories, rates are charged at 17 per cent per annum of the rateable value. This figure is reduced to 16 per cent where Government water is supplied unfiltered and to 15 per cent where no provision exists for any such supply. In the New Territories the corresponding charges are 11, 10 and 9 per cent respectively. The net revenue from rates for the year was \$56,003,452 made up as follows: Hongkong, \$31,408,516; Kowloon & New Kowloon, \$24,554,068; New Territories, \$743,868. The total for the previous year (which did not include the New Territories) was \$49,769,807.

In connexion with the sale and transfer of real estate, the number of valuations made and of stated considerations in assignments scrutinized for the Collector of Stamp Revenue was 5,934, compared with 5,314 in the previous year, while the total capital values involved were \$358,423,922, compared with \$379,067,360 in 1955-1956; thus there was no real falling off in the extensive property transactions which have been a feature of recent years. The assignment of parts of buildings, which started a few years ago and rapidly gained popularity in relation to domestic accommodation, has now spread to business premises and an interest in a portion of a building used as a shop or office is now as readily assigned as a separate floor or flat. In connexion with assignments of portions of buildings, an ordinance was enacted in 1956 to provide for the enforcement of covenants and agreements relating to buildings divided into separately occupied premises.

COST OF NEW BUILDING WORK IN HONGKONG, KOWLOON AND NEW KOWLOON (1950-51 to 1956-57)

Year	Factories and Godowns	Offices and Shops	Houses and Flats	Others (See Note)	Total
	\$	\$	\$	\$	\$
1950-51	15,029,448	21,379,050	59,381,524	24,948,032	120,738,054
1951-52	9,840,028	3,730,568	41,391,852	13,675,253	68,637,700
1952-53	7,981,655	34,645,690	75,205,739	28,979,272	146,112,366
1953-54	6,507,320	6,991,137	46,444,209	11,286,236	71,228,902
1954-55	8,464,862	6,208,297	48,802,281	26,669,926	90,146,366
1955-56	13,028,769	3,466,039	129,277,678	27,960,929	173,723,415
1956-57	11,160,802	19,647,061	102,852,816	22,276,056	155,936,735
Totals (7 years)	72,012,892	95,967,843	503,356,099	155,185,704	826,522,538
Average per year	10,287,556	13,709,692	71,908,014	22,169,386	118,074,648

NOTES: The figures do not include Government expenditure. Cost of site formation is included but not the value of the land built upon. The figures are compiled as returns of cost are received which usually is sometime after completion of the work. The column "Others" relates to items such as:—Garages, Piers, Wharves, Hangars, Hospitals, Schools, Club-houses, Churches, Theatres, Public Utilities, etc., etc.

NEW TERRITORIES

The New Territories, leased from China for 99 years from 1st July 1898, comprise 355 square miles of land and 673½ of sea. The land extends from Boundary Street, Kowloon, to the Sham Chun River and includes nearly 200 islands many of which are small, barren and uncultivated, while others such as Lantau, Cheung Chau, and Peng Chau contain important centres of population. A strip, measuring 7½ square miles, between Boundary Street and the first range of hills, known as New Kowloon, is administered as part of the Urban Area.

Few urban residents visit the New Territories except for recreation; recreation means for some the beaches, for some the secluded bays, and for some the mountain-tops; most travel by road, and there are not many roads. Contact is not made with the villages, even those near the road. Conversely in the

majority of upland villages one may find men who have never visited the city, and for many a woman the only journey of her life is the fateful one when she leaves her native village to enter that of her husband.

Villagers are nevertheless pretty well-informed about Colony and even world affairs. This, since few villages are reached by the postal service and newspapers are rare, requires a word of explanation. The explanation is that nearly every village has at least one of its sons working "abroad", an expression which includes the West Indies, the Pacific Islands, Borneo, Europe—and Hongkong! With nearly every village is connected a shop or stall in one of the country market towns; and the close-knit clan organization sees to it that news received by these channels is disseminated on the "bamboo wireless". The affairs of the village, and anything on the wider stage which may affect the village, are keenly discussed in the evenings; and the outsider who has the privilege of sitting in at some of these discussions soon learns that though some men and most of the women may be illiterate, these are no ignorant yokels but intelligent men and women of the world.

There is no part of the New Territories where the scenery is not dominated by mountains. Only Taimoshan and the two peaks of Lantau exceed 3,000 feet, but many of the lesser mountains are steep and rugged enough to make communications a problem, and although the relief map shows an approximate run of the highest ranges from north-east to south-west, high ridges and spurs run off in all directions, the eastern mainland in particular being deeply indented by narrow valleys and fjords. Only about 50 square miles are under crops, most of the remainder being steep grass slopes.

This does not, however, mean that 305 square miles of vacant land are waiting to receive the city's surplus population. With the exception of the two eastern peninsulas and Lantau island, most of the "vacant" hill land forms part of the living room of the villages below or above. They usually grow crops wherever flat land and water permit, or where the gentler slopes can be terraced. Above and below this they graze their cattle or if the slopes are too steep even for cattle they cut grasses and ferns for fuel or for sale—for some villages this is the only direct source of cash. An increasing number of villages have forestry lots and over fifty villages have orchards. Wild tea and medicinal herbs are gathered on the highest hills. And in the hills the village dead are buried. Not much of this land can be given up without dislocating the village economy. Besides, the geology lends itself to the formation of hanging valleys and plateaux, most of which harbour villages whose very existence is unknown to the city man, who thinks that there is nothing but empty hillside between the two extremes he can see from the road, viz: the summit and the lower villages.

The New Territories are divided into 3 districts: Yuen Long in the north-west, Tai Po in the north-east and the Southern District which includes the southern mainland, the southern half of the Saikung peninsula and the islands south and west of Hongkong. An unofficial census of the population of the New Territories was taken in March 1955 and the results of which a few had to be discarded as inaccurate, showed a total figure in the region of 265,000, to which should be added about 50,000 fishermen operating from bases in the New Territories. Since then the population has increased by the immigration of settlers and the natural increase of births over deaths to an estimated 305,912 at the end of March 1957, excluding the fishermen. The total of registered births for the year was 11,236 compared with 10,488 last year and 4,810 in 1950.

Racial analysis of the indigenous inhabitants is complicated by the prevalent confusion of race with language. Historically there can be little doubt that the boat-people and a few of the hill villagers are of non-Chinese origin, but all now regard themselves as Chinese and speak Chinese dialects, the only traces of aboriginal descent (apart from physical appearance) being

found in some place names, unintelligible in Chinese, and hints or recollections of distinctive forms of animist worship. All the indigenous shore-dwellers classify themselves as either Punti or Hakka, the former being a Hakka expression for the Cantonese: but two Punti-speaking clans claim to be of Hakka origin. The boat-people are mostly Tanka with a few Hoklo in the eastern waters. The name "Hoklo" is used by the Hoklo, but the Tanka will not use the name "Tanka" which they consider derogatory, using instead "Nam hoi yan" or "Shui sheung yan". Shore-dwellers however have few dealings with either race of boat-people and tend to call them both "Tanka". The Punti and Tanka dialects both belong to the western section of the Yueh language, or group of Chinese dialects; the Hakka speak two dialects or sub-dialects of the eastern section of the same Yueh language; while Hoklo is a Min dialect similar to those spoken in the province of Fukien and in the Chiu-chow, Hailukung and Kiungchow areas of Kwangtung province. In addition almost all the indigenous inhabitants understand the standard (Punyu) dialect of Cantonese, which is the prevailing dialect also of urban Hongkong. The usual village community consists of a single clan, but two- and three-clan villages are also common and multi-clan villages occur. In a few villages even Punti and Hakka live side by side. Strict exogamy is practised, as usual in China. Many Punti men have Hakka wives, but the reverse is seldom seen, and intermarriage between land and sea dwellers is thought to be non-existent.

Progress on industrial development in the New Territories has been slow during the year. A number of possible areas for new development have been chosen but further investigation has been held up for lack of technical staff. One of these areas, the North East Lantau peninsula, has attracted considerable interest. Two firm applications for industrial sites have already been received (one of them embracing more than a million square feet) and further tentative inquiries have been made. In the main existing industrial area of Tsuen Wan development has been hampered chiefly by a shortage of housing, notably in the low-rental ranges. There is a general lack of adequate accommodation for factory employees and, more particularly, their dependants. Some improvement was effected during the year by the sale or grant in exchange of 104 residential sites which together totalled 126,200 square feet. In addition the Hongkong Housing Society is considering plans for the construction of low-rental flats and three sites in the town have been tentatively reserved for this purpose.

Work on Tai Lam Chung reservoir scheme continued during the year. The scheme was formally inaugurated on 7th March 1957. Work also continued on the re-establishment of the villagers affected by the scheme. Two villages, Tai Lam and Kwan Uk Tei, lay within the flooded area and in accordance with their wishes their population of 33 families has been resettled in a new 'village' at Tsuen Wan called Tai Uk Wai. It consists of a block of self-contained flats, with shops, a school and a temple.

Preliminary investigation has also started of a new water supply scheme at Shek Pik, in the South of Lantau. Work continued during the year on the improvement of the Castle Peak road between Lai Chi Kok and Tsuen Wan and by the end of the year the new stretch of road had been almost completed. Local improvements were also made to other main New Territories roads, which included a new bridge at Tai Po market.

Works undertaken for the direct betterment of the New Territories comprise mainly the supply of water, both for irrigation and drinking, and the improvement of communications to the food-producing villages. The most important project completed was the construction of two dams at Lo Fu Hang and Hung Shui Hang in the Yuen Long District. These two dams together have a maximum storage capacity of 54 million gallons and are capable of irrigating 2,000 acres of paddy land. The total cost of the scheme, which is the largest so far attempted

in the New Territories, was \$1,150,000 which was provided from the Colonial Development and Welfare Fund. The dams were completed in March 1957. A further eight irrigation schemes financed from the Colonial Development and Welfare Fund were completed during the year at a total cost of \$207,795 and a further six schemes are now under construction.

By the end of the year the first stage of the South Lantau road, that is from Mui Wo to Cheung Sha, had been virtually completed. Work on the extension to Shek Pik has not yet started. Fair progress was also made on the 'feeder' roads in the New Territories. These roads, which are financed from the Colonial Development and Welfare Fund are to be all-weather motorable roads designed to take light lorry and bus traffic and will provide access from the main roads to rural areas that can at present be reached only by village paths.

Two new clinics were nearing completion at the end of the year under review: one at Tai Po, which was financed by the Jockey Club; and one at Yung Shue Wan, on Lamma Island, the greater part of the cost of which has been met by the North Lamma Rural Committee, with contributions from the Jockey Club and the General Chinese Charities Fund. The Castle Peak Mental hospital near Kei Lun Wai was on 25th January, 1957 licensed for the care, custody and detention of persons of unsound mind. The first batch of patients moved into the new building on 24th February, 1957.

14 schools were completed or enlarged during the year and at the end of the year a further 10 were nearing completion. Most of the village schools were assisted by Government subsidies, half the cost of construction being borne by the local community. At the end of the year there were altogether 251 subsidized and private schools in the New Territories with a total enrolment of 36,096 pupils. This represents a fair proportion of the total number of children of school age, which is estimated at about 44,500 for the whole of the New Territories: but the education provided is most entirely at the primary level only, most village schools indeed having the lower three or four primary classes only, and only a very few pupils continue in New Territories schools after the age of 16. A few of the fortunate ones continue at schools in the urban areas but there is a growing need for more secondary schools in the New Territories. On 23rd November, 1956 the first of the new buildings of Chung Chi College were formally opened.

INLAND REVENUE

Net revenue collected during the year ended 31st March, 1957 was \$158,008,715, an overall increase of \$11,747,729 on net collections in the previous year. A summary of net collections during the last three years is shown below:—

Nature of Tax	Year ended 31.3.55	Year ended 31.3.56	Year ended 31.3.57
Corporation Profits Tax	\$ 54,750,778	\$ 47,205,872	\$ 42,055,822
Business Profits Tax	26,603,251	21,516,407	16,334,910
Salaries Tax	9,505,072	9,899,117	10,071,203
Personal Assessment	2,147,773	1,528,686	983,749
Interest Tax	2,856,922	2,936,406	3,454,294
Property Tax	11,803,746	14,566,062	16,524,850
Total Earnings & Profits Tax	107,667,542	97,652,550	89,434,828
Estate Duty	12,035,171	6,639,434	24,398,690
Stamp Duty	18,467,498	21,895,084	21,561,935
Entertainments Tax	9,338,869	10,039,029	10,780,259
Bets & Sweeps Tax	8,704,821	8,437,069	9,754,672
Dance Halls Tax	1,131,857	1,597,819	2,078,331
Total Net Revenue Collected	\$157,345,758	\$146,260,985	\$158,008,715

The downward trend in Earnings & Profits Tax Collections during the last four years continued due to the gradual elimina-

tion of Profits Tax arrears brought forward from previous years. On the other hand, the yield from Estate Duty increased from \$6,639,434 to a record figure of \$24,398,690. Stamp Duty collections show a slight decline while collections of Entertainments Tax, Bets & Sweeps Tax and Dance Halls Tax all show increases.

Profits Tax cases assessed during the year numbered 31,976, compared with 38,187 in the previous year. 20,901 of these were for the year of assessment 1956/57, while the remaining 11,075 were for previous years of assessment. Assessments still incomplete at 31st March, 1957 numbered 5,383, a reduction of 2,881 on the outstanding cases at 31st March, 1956.

The table below shows the number of businesses assessed, the net profits tax charged, the number of cases in which one or more persons have elected Personal Assessment and the number of businesses or corporations still to be assessed at 31st March, 1957, in respect of each of the last six years:—

Year of Assessment	Number of taxable Businesses Assessed	Net Profits Tax Assessed	Cases transferred to Personal Assessment	Number of cases awaiting Assessment
1951/52	5,942	81,674,076	4,655	32
1952/53	5,123	83,381,931	5,868	37
1953/54	4,206	58,767,097	6,585	51
1954/55	4,022	53,874,624	6,911	140
1955/56	3,689	54,199,207	6,872	879
1956/57	2,840	54,819,815	6,196	4,532

These figures reflect the trend of trade in the Colony, showing peak profits in 1951 (basis period for 1952/53), a sharp fall in 1952, following the embargo, with a further fall in 1953. A small improvement was noted in 1954 profits and a greater improvement in 1955, while a further substantial improvement is expected for 1956. (The 1956/57 Profits Tax figures do not fully reflect the 1955 improvement since 4,532 cases still awaited assessment at 31st March, 1957). The increase in the number of cases transferred to Personal Assessment, reaching the present peak in 1954/55, is a further indication of the downward trend in profits up to that year, more business-men receiving income below the critical figure applicable to their cases and therefore finding Personal Assessment beneficial. The increased personal allowances introduced by the 1955 Amendment Ordinance, effective for the years of assessment 1955/56 and subsequent years, also contribute to the increased advantage now being taken of the benefits of Personal Assessment.

Overseas Territories Income Tax Office: A number of United Kingdom Companies continue to avail themselves of the convenience of assessment in London by the Overseas Territories Income Tax Office (previously termed the Colonial Income Tax Office). This facility has been available for a number of years and is given statutory sanction by a new section introduced by the 1956 Amendment Ordinance. 63 Assessments were made in London during the year and net tax amounting to \$2,385,653 was charged, compared with 71 assessments for \$2,667,380 tax in the previous year.

Individual Salaries Tax: The number of assessments completed during the year and the number of cases awaiting assessment are shown below, together with similar figures for the previous year:—

	Year ended 31.3.56	Year ended 31.3.57
Taxed Cases	8,577	9,693
Below taxable limit	8,696	6,536
Total number of cases assessed	17,273	16,229
Number of cases still to be assessed	2,089	2,648

The increase in the number of persons liable to tax is mainly due to the repeal of the exemption formerly granted to non-resident persons; although a slight general increase in salaries

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FINANCE & COMMERCE

HK EXCHANGE MARKETS

The market last week was closed from 17th to 20th February.

U.S.\$ Exchange: In the T.T. sector, highest and lowest rates on Friday and Saturday were \$583¼/\$583; US\$1,170,000 was traded. In the Notes market, speculators were quiet; US\$220,000 traded in cash transactions and US\$600,000 in forwards. Change over interest favoured sellers and aggregated 80 HK cents per US\$1,000. Speculative positions averaged one and a quarter million US\$ per day. Highest and lowest rates were \$582½/\$581½. In the D.D. sector, business was very small; highest and lowest rates were \$581¼/\$581.

Far Eastern Exchange: Highest and lowest rates per foreign currency unit in HK\$: Philippines 1.755, Japan 0.01405—0.014025, Malaya 1.873, South Vietnam 0.0662—0.0652, Laos 0.061, Cambodia 0.076, Thailand 0.2717, Indonesia 0.114. Sales: Pesos 85,000, Yen 15 million, Malayan \$50,000, Piastre 2 million, Kip 1 million, Rial 1 million, Baht 500,000,

Rupiah 50,000. **Chinese Exchange:** People's Yuan notes quoted \$1.71—1.58 per Yuan. Taiwan Dollar notes quoted \$0.15 per Dollar, and remittances 0.141—0.14.

Bank Notes: Highest and lowest rates per foreign currency unit in HK\$: England 15.52, Australia 12.59, New Zealand 14.10, Egypt 10.00, East Africa 14.80, South Africa 15.62, West Africa 13.50, Jamaica 13.50, Gibraltar 13.50, Malta 12.50, Cyprus 12.50, Fiji 10.00, India 1.175, Pakistan 0.79, Ceylon 0.935, Burma 0.58, Malaya 1.84—1.831, Canada 5.90—5.885, Cuba 5.00, Argentina 0.12, Brazil 0.055, Peru 0.27, Mexico 0.40, Philippines 1.895—1.89, Switzerland 1.34, West Germany 1.35, Italy 0.009, Belgium 0.108, Sweden 1.02, Norway 0.72, Denmark 0.77, Netherlands 1.45, France 0.0123—0.0122, South Vietnam 0.067—0.0665, Laos 0.0615, Cambodia 0.076—0.0755, New Guinea 1.00, Indonesia 0.09, Thailand 0.266—0.263, Macao 1.01—1.005, Japan 0.01455—0.01445.

Gold Market: Opening and closing prices were \$254%/\$255; highest and

lowest, \$255%/\$254%. The market was very quiet. Interest favoured sellers and aggregated 60 HK cents per 10 taels of .945 fine. Tradings on 21st and 22nd totalled 6,300 taels in which 3,400 taels were cash dealings (1,300 taels listed and 2,100 taels arranged). Positions taken by speculators averaged 6,500 taels per day. Imports from Macao amounted to 2,500 taels. Exports to Singapore totalled 2,500 taels. Differences paid for local and Macao .99 fine were HK\$12.30 and 11.30—11.20 respectively per tael of .945 fine. Cross rates were US\$37.86—37.85 per fine ounce; 11,200 ounces contracted at 37.85 cif Macao. US double eagle old and new coins quoted \$263 and \$230 respectively per coin, English Sovereigns \$59 per coin, and Mexican gold coins \$275 per coin. **Silver Market:** Market was dull; 200 taels of bar silver traded at \$5.56—5.55 per tael and 400 dollar coins at \$3.57—3.56 per coin. Twenty-cent silver coins quoted \$2.75 per five coins.

Bank Licensed:—The Banque Nationale pour le Commerce et l'Industrie has been granted a licence by Government to carry on banking business in Hongkong.

HK SHARE MARKET

The turnover last week amounted to only \$1,576,000 on account of the holidays on Tuesday and Wednesday. The market on the whole was steady and prices moved within a narrow limit. Interest was centred particularly on HK Banks, Wheelocks, Docks, Providents, Hotels, Cements, Stores and Utilities. The undertone at end of the week was firm; investors were anticipating better prices because most quotations were at a low level.

In view of the reduced volume of speculation in real estate, more funds will get into the stock exchange this year. Utilities, Hotels, and Stores will continue to attract most of the business because the ever increasing local population and better tourist business will sustain the earnings of these companies.

Dividend—The Hongkong and Shanghai Hotels announced that the Company will pay a dividend of \$1.50 plus a bonus of 50 cents per share for the year ended December 1957. The dividend for 1956 was \$1 per share.

Sharp, 1058 Kami Ikegami Machi, Ota-Ku, Japan, consulting engineer; Kimi K. Sharp, same address, married woman; Renee May Yoke Lym, 307 Princess Building, Kowloon. **Ocean View**—Hotel, restaurant and apartment keepers; Capital, 100,000; 25A Chat-ham Road, Kowloon; Subscribers: William Tiu Ka O, 53 Des Voeux Road Central, Hongkong, merchant; Tan Hui Go, 53 Des Voeux Road Central, Hongkong, married woman. **Yue Wan Estates**—Capital, 3,000,000; 1 Castle

Share	Feb. 14	Last Week's Rate		Closing	Up & Down	Dividend	Estimated Annual Yield (%)
		Highest	Lowest				
HK Bank	832.50	835	832.50 b	835	+\$2.50	\$50	5.99
Union Ins	70	71	70.50	71 s	+\$1	\$3.40	4.79
Lombard	33 b	33.25	33 b	33.25 n	firm	\$2	6.02
Wheelock	6.20	6.30	6.25	6.30	+10c	75c	11.91
HK Wharf	118 b	120 s	118 b	120 s	firm	\$6	5.00
HK Dock	51.50	52	51.50 b	52	+50c	\$2	3.85
Provident	12.30	12.40	12.30	12.40	+10c	\$1	8.06
HK Land	34	34.25	33.75 b	34.25 s	firm	\$2.40	7.01
Realty	1.35 b	1.35 b	1.35 b	1.35 b	steady	15c	11.11
Hotel	16.70	16.70	16.60	16.60	—10c	\$1.50	9.04
Trams	24.30	24.60	24.30	24.60	+30c	\$1.90	7.72
Star Ferry	126 s	XD 117 b	123 b	XD 117 b	firm	\$9	7.69
Yaumali	98 s	99 s	97 b	99 s	+\$1	\$7.50	7.58
Light	17	17.20	17	17.10	+10c	\$1.10	6.42
Electric	28.10	28	27.90	28	—10c	\$1.90	6.79
Telephone	27.30	27.40	27.10	27.30	steady	\$1.50	5.49
Cement	26 s	25.80	25	25	—\$1	\$3	12.00
Dairy Farm	16.50	16.60	16.50	16.60 s	firm	\$1.63	9.82
Watson	12.10 n	12.20	12.10	12.10	firm	\$1	8.26
Yangtze	5.60 s	5.50 n	5.50 n	5.50 n	quiet	65c	11.81
Allied Inv	3.675 n	3.675 n	3.60 b	3.675 n	steady	25c	6.80
HK & FE Inv	10 n	9.80 b	9.80 b	9.80 b	steady	80c	8.16
Amal Rubber	1.275	XD 1.25	1.225 b	XD 1.25	firm	20c	16.00
Textile	4.55	4.60 s	4.55	4.60 s	firm	50c	10.87
Nanyang	8.55 b	8.60 b	8.55 b	8.60 b	+5c	\$1	11.63

HONGKONG COMPANY INCORPORATIONS

Following new limited liability companies were incorporated during the fortnight ended January 25, 1958; all capitals are nominal and in Hongkong Dollars:—

Yik Fung Food Products Co.—Capital, 200,000; 139 Des Voeux Road Central, Hongkong; Subscribers: Au Yeung Cheung, 55 Caine Road, Hongkong, merchant; Au Yeung Min, 115 Connaught Road West, Hongkong, merchant. **Chow's Investment Co.**—Capital, 1,200,000; Subscribers: Chow Yam Suen, 286 Prince Edward Road, Kowloon, merchant; Chow Kwok Tat, 225 Prince Edward Road, Kowloon, merchant; Chow Kwok Keung, 34B Honkew Road, Kowloon, merchant. **The Pressure Piling Co. (HK)**—Capital, 800,000; 701/7. Edinburgh House, Hongkong; Subscribers: F. G. Nigel, 35 Deep Water Bay Road, Hongkong, solicitor; F. D. Hammond, 36 Dina House, Hongkong, solicitor. **Lanena Shipping Co.**—Capital, 1,000,000; 39, French Bank Building, Hongkong;

Subscribers: Antonio Ty Engan, 52 Peninsula Court, Kowloon, merchant; Pedro Vicente Botelho, Jr., 4 Conduit Road, Hongkong, merchant; Solomon Saul, 12 Macdonnell Road, Hongkong, merchant. **CAC**—Importers & exporters; Capital, 110,000; 607, Yu-To-Sang Building, Hongkong; Subscribers: W. C. R. Carr, 1 Garden Terrace, Hongkong, solicitor; G. H. H. Golby, Empire Court, Hysan Avenue, Hongkong, solicitor. **The Orme Rubber Co.**—To operate mines; Capital, 100,000; 601 Marina House, Hongkong; Subscribers: D. Brittan Evans, 17 Shek O, Hongkong, solicitor; F. G. Nigel, 35 Deep Water Bay Road, Hongkong, solicitor. **Luk Kwok Enterprises**—Taxi-cab proprietors; Capital, 1,000,000; Subscribers: P. W. Chan, 299 Des Voeux Road Central, Hongkong, merchant; S. T. Wu, 299 Des Voeux Road Central, Hongkong, merchant. **Weaver Bird Co.**—Importers & exporters; Capital, 50,000; 1106 Commercial House, Hongkong; Subscribers: Woo Wei Gun, 233 Gloucester Road, Hongkong, single woman; T. C. Chan, 57 Wongneichong Road, Hongkong, merchant. **Oriental Creations**—Importers & exporters; Capital, 21,000; Subscribers: Edgar P.

Road, Hongkong; Subscribers: Lo Yuk Man, 31 Grampian Road, Kowloon, merchant; Lo Yuk Leung, 1 Castle Road, Hongkong, merchant. **Hongkong Enterprises**—To operate theatres; Capital, 1,000,000; Subscribers: P. Y. Chan, 299 Des Voeux Road Central, Hongkong, merchant; S. T. Wu, 299 Des Voeux Road Central, Hongkong, merchant. **Jimmy Chen and Co.**—

Tailors; Capital, 300,000; 12A Cameron Road, Kowloon; Subscribers: Jimmy Chen, 93A Waterloo Road, Kowloon, merchant; Lee Yuen Wah, 93A Waterloo Road, Kowloon, merchant. **Kwong Hing Loong Timber Merchants**—Capital, 400,000; 62-62A Tong Mi Road, Taikoktsui, Kowloon; Subscribers: Foo Chi Hing, 5B Macdonnell Road, Hong-

kong, merchant; Chan Kwan Ng, 44 Bonham Strand West, Hongkong, merchant; Lui Sze Ming, 24 Cumberland Road, Kowloon, merchant. **World Wide Travel (Hongkong)**—Capital, 25,000; 109 Yu To Sang Building, Hongkong; Subscribers: James Farrell, 102 Fukoku Building, Tokyo, Japan; Joseph Kohn, 10 Humphrey's Avenue, Kowloon, travel agent.

HONGKONG'S TRADE IN JANUARY 1958

The value of exports and imports in January dropped slightly compared with the December figures: exports at \$236.77 million fell by \$1.47 m. and imports at \$404.64 m. were \$2.40 m. lower. Compared with those for the corresponding month in 1957, January 1958 totals represented a decrease of \$68.52 m. in exports and a drop of \$73.23 m. in imports. The fall in exports was attributable mainly to the sharp decline in exports to Indonesia and Japan. Exports to the United States, however, increased significantly by \$11.68 m. Imports from most principal countries declined: imports from China alone dropped by \$30.55 m.

Following statistics show important changes in the direction of the Colony's trade for January 1958 compared with the same month in 1957:

EXPORT

Country	Total for January 1958	Total for January 1957	Increase/ decrease
(million HK dollars)			
U.S.A.	25.18	13.49	+11.68
Indonesia	14.77	47.86	-33.09
Japan	8.07	37.97	-29.90
China	7.01	13.95	-6.94

Commodity	Total for January 1958	Total for January 1957	Increase/ decrease
Clothing	42.01	35.28	+ 6.73
Base metals	4.11	22.20	-18.10
Textile yarn and piecegoods	56.57	69.94	-13.37
Textile fibres	2.65	15.39	-12.73
Fruits and vegetables	10.55	18.04	- 7.48
Ores and metal scrap	2.55	8.96	- 6.41

IMPORT

Country	Total for January 1958	Total for January 1957	Increase/ decrease
(million HK dollars)			
British East Africa	11.37	4.73	+ 6.64
Mauritius	5.58	0.04	+ 5.54
Middle and Near East	10.71	5.45	+ 5.26
China	95.48	126.04	-30.55
Thailand	12.86	25.84	-12.98
Pakistan	2.87	14.35	-11.48
Taiwan	2.89	11.97	- 9.08
Belgium	4.74	11.33	- 6.59
United Kingdom	54.02	60.33	- 6.31

Commodity	Total for January 1958	Total for January 1957	Increase/ decrease
Mineral fuels, lubricants and related materials ..	24.13	17.08	+ 7.05
Medical and pharmaceutical products	10.84	4.94	+ 5.91
Base metals	16.96	48.13	-31.16
Textile fibres	25.61	37.49	-11.88
Textile yarn and piecegoods	60.13	71.91	-11.78
Animal and vegetable crude materials, inedible	12.13	21.60	- 9.47

Commodity	Total for January 1958	Total for January 1957	Increase/ decrease
(million HK dollars)			
Fruits and vegetables	19.59	29.02	- 9.43
Cereals and cereal preparations	22.52	31.49	- 8.97
Oil-seeds and oil nuts	1.74	6.89	- 5.15

Exports of Hongkong Products—Exports of Hongkong products in January amounted to \$100.55 m. representing an increase of \$1.14 m. over the previous month. The January 1958 total accounted for 42.5 per cent of the Colony's total exports for the month. A comparison of the totals for January 1958 and January 1957 showed a drop of \$8.70 m. this year attributable mainly to reduced exports to Indonesia. The United Kingdom with purchases totalling \$28.03 m. in January 1958 headed the list of buyers. The United States was the second on the list and Malaya the third.

Following table shows the important changes in the exports of Hongkong products during January 1958 compared with the corresponding month of 1957:

Country	Total for January 1958	Total for January 1957	Increase/ decrease
(million HK dollars)			
U.S.A.	16.66	8.93	+ 7.74
United Kingdom	28.03	25.19	+ 2.84
West Germany	2.19	1.08	+ 1.10
Indonesia	2.36	13.22	-10.87
China	0.01	2.51	- 2.50
Thailand	3.01	4.69	- 1.69
Laos	1.17	2.74	- 1.57
British East Africa	1.38	2.89	- 1.51
Union of South Africa	2.10	3.30	- 1.20

Commodity	Total for January 1958	Total for January 1957	Increase/ decrease
Outerwear, other than knitted, not embroidered	16.39	9.27	+ 7.11
Toys and games	5.58	4.39	+ 1.19
Cotton yarn	5.35	10.94	- 5.59
Cotton piecegoods	17.93	21.59	- 3.65
Electric torches	1.97	3.77	- 1.80
Iron and steel bars	0.42	2.18	- 1.76
Enamelware	5.49	6.98	- 1.50
Cotton singlets	2.75	3.96	- 1.21
Footwear	7.49	8.58	- 1.10

Certification of Hongkong Products—Sixteen factories were registered for the issue of Certificates of Origin and/or Imperial Preference Certificates during January and 25 for the issue of Comprehensive Certificates of Origin. Forty factories were removed from the register, mainly in the Comprehensive Certificate Section, and registration of four factories was suspended during enquiries into alleged malpractices. Certificates of Origin of all kinds and Imperial Preference Certificates prepared and/or signed during the month numbered 17,250 and covered goods to the declared value of \$67,598,109.

February 27, 1958

IMPORTS AND EXPORTS

(BY COUNTRIES)

Country	January 1957		January 1958		Country	January 1957		January 1958	
	IMPORTS HK\$ Million	EXPORTS HK\$ Million	IMPORTS HK\$ Million	EXPORTS HK\$ Million		IMPORTS HK\$ Million	EXPORTS HK\$ Million	IMPORTS HK\$ Million	EXPORTS HK\$ Million
British Commonwealth					Europe				
Aden	0.02	—	0.64	0.48	Austria	0.99	1.77	—	—
Australia	11.88	10.20	6.36	4.35	Belgium	4.74	11.33	1.52	1.46
British Borneo	3.59	3.57	3.55	4.14	Czechoslovakia	0.45	1.03	0.31	0.47
British East Africa	11.37	4.73	1.62	3.58	Denmark	0.37	0.27	—	—
British Mediterranean Territories ..	—	—	0.42	0.73	Eastern Europe, n.e.s.	2.69	2.58	0.49	1.01
British Oceania, n.e.s.	0.08	0.02	0.25	0.50	France	11.31	11.90	3.58	3.01
British West Africa, n.e.s.	—	—	0.97	1.71	West Germany	4.06	5.75	0.49	1.17
British West Indies	—	0.01	1.34	1.13	Italy	6.50	6.88	2.23	2.23
Canada	4.32	6.04	3.64	3.70	Netherlands	0.43	1.13	0.85	0.53
Central African Federation	0.56	0.02	1.10	1.48	Norway	1.74	1.56	1.54	0.74
Ceylon	0.39	0.50	1.19	1.25	Sweden	13.12	15.29	0.38	0.19
Fiji	—	0.02	0.34	0.11	Switzerland	—	—	—	—
India	4.62	6.98	0.74	1.66	U.S.S.R.	0.44	0.79	0.23	0.17
Malaya	8.69	6.04	42.90	42.69	Europe, n.e.s.	—	—	—	—
Mauritius	5.58	0.04	0.45	0.51	Africa	—	—	0.76	1.59
New Zealand	0.08	0.79	0.98	0.88	Belgian Congo	0.01	0.11	—	—
Nigeria	—	—	3.61	2.49	Egypt	—	—	2.82	2.10
Pakistan	2.87	14.35	0.35	0.19	French Equatorial & West Africa ..	—	—	0.08	0.42
Union of South Africa	5.05	2.10	2.72	3.82	French North Africa	0.05	—	0.23	0.15
United Kingdom	54.02	60.33	32.21	30.16	Madagascar	0.18	0.04	1.82	2.70
British Commonwealth, n.e.s.	—	0.06	—	—	Africa, n.e.s.	—	—	—	—
Asia					America				
Burma	0.87	1.87	2.94	4.65	Argentina	0.37	0.36	0.13	0.06
Cambodia	1.97	4.58	2.34	1.88	Brazil	1.69	2.23	1.79	2.57
China	95.48	126.04	7.01	13.95	Central America, n.e.s.	—	—	0.39	0.27
Taiwan	2.89	11.97	5.42	4.37	Cuba	0.01	—	0.24	0.11
Indonesia	11.66	9.45	14.77	47.86	Haiti	—	—	0.04	0.28
Japan	57.18	60.63	8.07	37.97	Mexico	0.01	—	0.85	0.95
Laos	0.01	—	3.08	6.50	South America, n.e.s.	0.48	0.53	25.18	13.49
Macao	3.32	3.89	5.03	5.97	U.S.A.	38.90	40.20	1.05	0.92
Middle and Near East	10.71	5.45	2.88	2.59	Venezuela	—	—	—	—
North Korea	—	—	—	—	Oceania				
North Vietnam	2.12	2.50	3.66	2.70	United States Oceania	0.02	—	2.34	2.52
Philippines	0.29	3.75	4.04	5.09	Oceania, n.e.s.	0.14	—	0.81	0.68
South Korea	0.71	1.07	6.19	5.86	Postal Packages	1.79	—	0.20	—
South Vietnam	0.16	0.70	1.27	1.13	Total Merchandise	404.64	477.87	236.77	305.29
Thailand	12.86	25.84	15.03	19.33	Total Gold and Specie	40.90	21.78	39.03	25.60
Asia, n.e.s.	—	—	0.09	0.06	Grand Total	445.54	499.65	275.81	330.89

IMPORTS AND EXPORTS

(BY COMMODITIES)

Commodity	January 1958	January 1957	January 1958	January 1957
	IMPORTS HK\$ Million		EXPORTS HK\$ Million	
Live animals	16.45	13.67	0.13	0.19
Meat and meat preparations	8.79	11.85	1.30	2.74
Dairy products	8.01	6.17	1.18	1.20
Fish and fish preparations	8.69	8.20	3.81	3.55
Cereals	22.52	31.49	4.42	5.35
Fruits and vegetables	19.59	29.02	10.55	18.04
Sugar and sugar preparations	13.40	13.83	5.11	5.53
Coffee, tea, cocoa and spices	5.14	6.28	2.90	3.78
Feeding stuffs for animals	0.31	1.18	0.20	0.53
Miscellaneous food preparations	2.96	2.26	2.94	2.77
Beverages	2.74	2.88	0.81	1.05
Tobacco and tobacco manufactures	7.24	4.30	1.07	0.66
Hides, skins and fur skins, undressed	0.46	1.54	0.36	1.28
Oil seeds and oil nuts	1.74	6.89	0.66	2.24
Crude rubber, including synthetic	1.13	1.51	0.11	0.18
Wood, lumber and cork	7.00	7.17	1.01	0.83
Pulp and waste paper	0.36	0.51	0.08	0.29
Textile fibres and waste	25.61	37.49	2.65	15.39
Crude fertilizers and crude minerals	0.77	0.64	0.42	0.26
Ores and metal scrap	0.51	1.74	2.55	8.96
Animal and vegetable crude materials	12.13	21.60	8.20	12.79
Mineral fuels, lubricants and related materials	24.13	17.08	0.20	1.88
Animal and vegetable oils (not essential oils), fats, greases and derivatives	6.43	5.92	2.14	3.11
Chemical elements and compounds	3.34	3.90	1.11	1.20
Mineral tar and crude chemicals	—	—	0.01	—
Dyeing, tanning and colouring materials	5.49	4.45	5.42	3.35
Medicinal and pharmaceutical products	10.84	4.94	6.18	4.88
Perfume materials and cleansing preparations	2.50	4.10	1.45	2.28
Fertilizers, manufactured	0.14	0.67	0.02	0.46
Explosives and miscellaneous chemical products	6.95	4.85	1.79	1.43
Leather, leather manufactures and dressed furs	1.95	2.01	0.21	0.15
Rubber manufactures	1.27	1.48	0.57	0.24
Wood and cork manufactures (excluding furniture)	1.23	1.12	0.37	0.32
Paper, paperboard and manufactures	8.39	12.43	3.86	4.14
Textile yarn, fabrics and made-up articles	60.13	71.91	56.57	69.94
Non-metallic mineral manufactures	7.42	7.33	2.77	3.03
Silver, platinum, gems and jewellery	6.96	9.45	2.49	2.44
Base metals	16.96	48.13	4.11	22.20
Manufactures of metals	5.46	6.17	10.37	12.28
Machinery other than electric	13.63	11.09	2.70	2.75
Electric machinery, apparatus and appliances	7.67	8.01	3.64	2.53
Transport equipment	12.73	9.29	2.26	3.96
Prefabricated buildings; plumbing, heating and lighting fittings	1.00	1.22	3.69	5.90
Furniture and fixtures	0.50	0.44	3.50	3.82
Travel goods	0.27	0.22	1.45	1.12
Clothing	5.48	4.26	42.01	35.28
Footwear	0.70	0.50	8.17	9.14
Scientific and controlling instruments; photographic & optical goods; watches and clocks	16.84	18.20	3.17	4.41
Miscellaneous manufactured articles	8.83	8.44	15.81	15.38
Postal packages, not classified according to kind	1.79	—	0.20	—
Live animals, not for food	0.04	0.03	0.09	0.06
Gold and specie	40.90	21.78	39.03	25.60
Total	445.54	499.65	275.81	330.89

EXPORTS OF HONGKONG PRODUCTS
(BY COUNTRIES)

Country	January 1958 HK\$	January 1957 HK\$	Country	January 1958 HK\$	January 1957 HK\$
British Commonwealth			Europe		
Aden	529,846	292,873	Austria	3,175	—
Australia	3,013,704	2,752,894	Belgium	432,991	415,384
British Borneo	901,995	979,722	Czechoslovakia	—	—
British East Africa	1,381,129	2,894,590	Denmark	183,390	188,631
British Mediterranean Ter- ritories	284,887	600,103	Eastern Europe, n.e.s.	—	—
British Oceania, n.e.s.	163,894	320,134	France	100,327	469,976
British West Africa, n.e.s.	790,216	1,517,627	West Germany	2,186,461	1,084,769
British West Indies	958,752	811,788	Italy	201,857	93,634
Canada	2,209,656	1,931,212	Netherlands	610,035	572,111
Central African Federation	834,154	1,030,153	Norway	614,898	118,472
Ceylon	291,983	823,341	Sweden	1,022,583	538,397
Fiji	279,440	74,841	Switzerland	190,036	25,000
India	43,323	392,099	U.S.S.R.	—	—
Malaya	10,485,375	9,498,346	Europe, n.e.s.	56,901	12,144
Mauritius	309,533	363,526	Africa		
New Zealand	113,881	540,267	Belgian Congo	651,078	1,395,031
Nigeria	3,243,200	2,266,596	Egypt	—	—
Pakistan	153,031	29,279	French Equatorial & West Africa	2,547,203	1,961,732
Union of South Africa	2,102,145	3,302,013	French North Africa	66,212	331,749
United Kingdom	28,027,150	25,191,432	Madagascar	173,066	74,034
British Commonwealth, n.e.s.	269	—	Africa, n.e.s.	1,470,853	2,201,577
Asia			America		
Burma	145,800	620,066	Argentina	46,346	992
Cambodia	165,865	244,110	Brazil	127,634	5,411
China	9,831	2,506,503	Central America, n.e.s.	1,308,867	1,820,292
Taiwan	105,788	247,750	Cuba	222,432	140,561
Indonesia	2,357,139	13,223,697	Haiti	233,139	96,835
Japan	530,544	900,898	Mexico	11,225	225,819
Laos	1,169,980	2,736,406	South America, n.e.s.	480,857	628,525
Macao	501,535	607,700	U.S.A.	16,664,765	8,925,126
Middle and Near East	1,343,631	1,015,949	Venezuela	747,235	609,452
North Korea	—	—	Oceania		
North Vietnam	100,252	8,921	United States Oceania	1,300,198	1,227,121
Philippines	2,601,378	3,167,248	Oceania, n.e.s.	503,718	335,374
South Korea	61,518	106,836	Total		
South Vietnam	152,402	47,693		100,551,207	109,251,375
Thailand	3,006,011	4,693,760			
Asia, n.e.s.	24,488	12,853			

EXPORTS OF HONGKONG PRODUCTS
(BY COMMODITIES)

Commodity	January 1958 HK\$	January 1957 HK\$	Commodity	January 1958 HK\$	January 1957 HK\$
Fish in airtight containers	171,947	225,021	Cement	412,537	213,007
Fruits, preserved	1,060,224	1,218,168	Iron and steel bars	418,626	2,177,570
Jams and fruit jellies	—	125	Enamelware	5,485,882	6,981,164
Fruit juices, unfermented	6,685	17,089	Aluminiumware	588,742	804,709
Non-alcoholic beverages	25,922	22,563	Torch batteries	1,009,222	526,308
Beer	370	198	Torch bulbs	363,948	238,888
Cigarettes	396,965	115,191	Electric torches	1,971,391	3,773,183
Iron ore	418,288	685,312	Lanterns, metal	1,058,269	1,198,948
Tungsten ore	—	25,500	Cotton singlets	2,749,014	3,962,771
Seagrass	2,821	6,060	Underwear and nightwear, em- broidered	180,392	295,168
Lacquers and varnishes	202,453	190,367	Shirts	6,164,251	6,552,984
Paints, enamels, and mastics ..	1,168,668	902,627	Outerwear, embroidered	442,655	640,915
Cotton yarn	5,349,589	10,937,115	Embroidered articles of cloth- ing (e.g., handkerchiefs, shawls, etc.) n.e.s.	526,765	360,333
Cotton piece goods	17,933,950	21,587,032			
Towels, not embroidered	1,061,573	972,968			
Linen, embroidered	1,374,725	943,792			

HONGKONG GOVERNMENT REPORTS

(Continued from Page 281)

and wages brought more persons within the tax net. This latter factor also accounts, to some extent, for the reduction in the number of persons not liable to tax. The main reason, however, is a change in the system of recording.

Personal Assessment: The ever-increasing popularity of Personal Assessment has placed considerable pressure on the section in Unit 2 which handles this work. 10,877 applications for Personal Assessment were received during the year (for various years of assessment) compared with 11,063 in 1955/56. 9,735 assessments were completed during the year (compared with 8,468 assessments in the previous year), in addition to 1,827 re-assessments necessitated mainly by changes in partnership profit-sharing ratios. Nevertheless, the number of outstanding cases at the end of the year also increased, from 5,838 to 6,818, due partly to the large number of applications which continue to come in in respect of previous years of assessment and partly to changes in the law affecting Personal Assessment made by

the 1955 Amendment Ordinance (No. 36 of 1955). Under the law as it now stands an individual has four years in which to elect for Personal Assessment. Details of the number of Personal Assessment applications received for each of the last four years of assessment, the number of individuals so far assessed, the net tax payable and the number of individuals still to be assessed are as follows:—

Year of assessment	Total No. of applications so far received	No. of taxable individuals assessed	Tax payable.
1953/54	7,843	3,088	\$2,311,843
1954/55	8,190	3,188	2,331,734
1955/56	8,650	2,249	1,727,560
1956/57	5,558	8	5,485

Interest Tax: 10,135 demand notes for Interest Tax were issued during the year, compared with 9,609 demands issued in the previous year. An analysis of 7,785 cases of interest tax giving comparative figures for the previous year is as follows:—

	Year ended 31.3.56	Year ended 31.3.57
Mortgages, Debentures & Bills of Sale	2,881	3,598
Government Loans	3	3
Other Loans, etc.	3,953	4,184
	6,837	7,785

Property Tax: The increase is due once again to the considerable number of new buildings which have been erected.

Estate Duty collections during the year amounted to \$24,398,690, an all-time record, and compare with \$6,639,434 collected in the previous year. Collections included \$12,320,826.00 paid in respect of one particularly large estate. Accounts for 813 estates were filed during the year and compare with 749 filed in the previous year. 839 estates were assessed during the year, 663 of which were subject to duty, while the remaining 176 were exempt being valued at less than the minimum dutiable amount under the law at the date of death, or as consisting of trust property. There has been a steady increase in the number of cases dealt with over the last few years, rising from 585 in 1953/54 to the present record total of 839. Furthermore, after making due allowance for a few particularly large estates which inevitably affect the average duty per estate, total collections over these years have increased by an even greater proportion, reflecting the general rise in the average size of individual estates.

Stamp Duty: The decrease is chiefly due to—(a) 3% excess duty on assignments: this duty is chargeable under section 6 of the Stamp Ordinance (Cap. 117) on the first conveyance of any property after 10th September, 1948. The Duty is payable only once so collections under this sub-head must inevitably diminish as time goes on; (b) Transfer Deeds and Contract Notes: the drop under these two sub-heads was due to the reduced activity on the Stock Exchange, business transacted being approximately \$110,000,000 less than in the previous year.

Commodity	January 1958 HK\$	January 1957 HK\$
Footwear	7,485,565	8,583,502
Matches	89,417	57,063
Plastic articles	709,225	711,178
Vacuum flasks (complete sets)	741,240	518,795
Ginger, preserved	517,890	477,248
Vacuum flasks (glass inner only)	80,802	18,463
Wood furniture and fixtures	849,964	787,882
Furniture of vegetable plaiting materials (bamboo, straw, willow, etc.)	2,601,961	2,892,786
Travel goods (trunks, suitcases, travelling bags, dressing cases, shopping bags, haversacks, packs and similar articles) of all materials	897,663	507,005
Handbags, wallets, purses and similar articles of all materials	548,449	616,558
Stockings and hose	931,468	1,563,272
Underwear and nightwear, knit or made of knitted fabrics (except cotton singlets and shirts)	3,169,477	2,652,357
Outerwear, knit or made of knitted fabrics	773,440	505,308
Outerwear, other than knitted, not embroidered, n.e.s.	16,387,246	9,273,145
Clothing of rubberized, oiled and similar impermeable materials (including plastics)	699,786	1,248,224
Gloves and mittens of all materials (except rubber gloves)	4,644,921	4,430,074
Slippers and house footwear of all materials except rubber	599,202	522,488
Umbrellas, parasols, walking sticks, and similar articles	646,069	1,190,344
Buttons and studs of all materials except those of precious metals	935,820	1,767,015
Articles of basketware or of wickerwork, n.e.s.	1,114,212	963,380
Toys and games (including baby carriages, playing cards)	5,581,511	4,390,212
Total	100,551,207	109,251,375